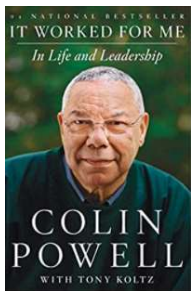




Newsletter 4Q 2021 & Market Summary

The U.S. economy recently has entered the positive feedback loop or mid-cycle phase, which is the second phase, of a growth cycle in the economy that should last the next 5-7 years. 3Q saw the economy continue to open up but faced vaccine resistance from about 1/3 of the population which caused the Delta Covid variant to begin another surge and setback despite the blockbuster earnings of companies and a withdrawal from Afghanistan. This caused the market to pullback about -7% during the month of September. Since September, unemployment has dropped to 4.8% and the market has reported 88% beating earnings, and 75% beating revenues, with sentiment returning to a normal range the market is rebounding from the September pullback nicely! The Foresight Mutual Fund Model's YTD returns, as of September 30, 2021, are as follows: Conservative +5.15%, Moderate +5.64%, and Aggressive +6.05%. If the year continues on this path, it is likely to be a double-digit growth year in the market and the Foresight Models.



We remember and honor Colin Powell for all he has done for America, 1937-2021. As National Security Advisor, Chairman of the Joint Chiefs of Staff, and Secretary of State, according to Kamala Harris, "He was an independent thinker and a barrier breaker who inspired leaders in our military and throughout our nation. "

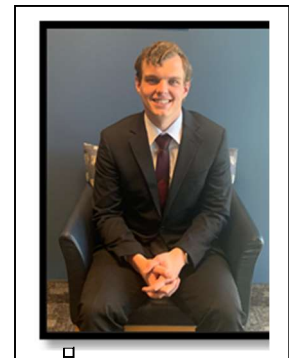
Welcome our newest employees at Foresight!



Patrick Carney, VP and Director of Personal Wealth Management, CFP, AIF®
Has Passed the CIMA®-Certified Investment Management Analyst License!



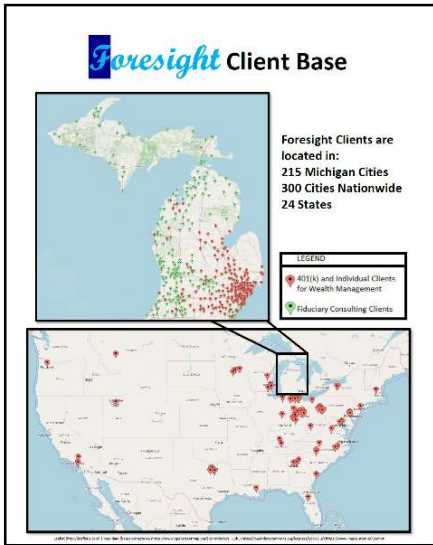
Cody Nisenbaum
Financial Portfolio Investment Analyst
Grand Valley BBA-Finance and Economics



Dillon Schroeder
Financial Analyst
EMU BBA-Finance

PEP-Pooled Employer Plans: Foresight now offers 401(k) plans for small businesses under the new SECURE Law that introduced PEP Plans to all small businesses. No matter what size your company is, with employees from 1 to 100, can join a PEP plan and offer 401(k) savings limits to your company employees, which outpaces trying to save in an IRA! The PEP offers economy of scale and keeps the cost extremely reasonable for all members of the PEP. Please call us today for more information on how to join the new PEP 401(k) plans and offer your employees a new expanded benefit!

CEPA- Certified Exit Planning Analysis Services: Foresight is now certified to provide exiting planning valuations for businesses and owners. Our firm is also prepared to assist with implementing business improvements to assist with increasing the value of your business prior to an exit or retirement. If you are interested, or know of someone who is interested, in pursuing services in this area please reach out to Foresight at 877-429-4690.



**FCMA Mutual Fund Model Returns
September 30, 2021**

Conservative Model	+5.15%
Moderate Model	+5.64%
Aggressive Model	+6.05%

Indexes:

S&P 500 Index	+ 15.92%
MSCI EAFE Foreign	+ 8.79%
10Yr T-Bond Index	- 1.55%

Future performance is not guaranteed; above returns are total return with reinvestment of dividends, interest, capital gains, and shown net of fees.



Foresight's Outlook and Portfolio Strategies

During 3Q 2021, the market rose most of the summer until the Delta Variant began to cause a Covid surge from vaccine resistance in about 1/3 of the U.S. population. To date, the market has certainly had its “Bunny Hops” and it was on a “Down Jump” for September. The market pulled back about -7% and since has redeemed its Set as of October 22, 2021, 88% of meeting EPS(earnings per share) and considered block buster results!! which is a complete about face from in March of 2020. The Biden Administration has announced several initiatives to further household stimulus (child tax credit), infrastructure, and tax reform, see our summary of tax proposals in the Foresight Planning Ideas. These will likely have some market impacts as the news becomes reality and law. Therefore, the “Bunny Hop” economy is something that will continue to be navigated for 2021. This picture of the bunny says it all, to describe the economy and the Covid we still are dealing with in our daily lives. America has entered the mid cycle of the business cycle and is expected to continue to see growth in the economy and market over the next 5-7 years. The Fidelity chart, displays the U.S. in the green dot and all other nations cresting the hill except China who is entering their next recession. Indicators predict China is rapidly slowing from 6% GDP yearly to 3% for next year and soon to be in a recession. The forward PE Ratios (Price/Earnings) of the S&P 500 are at 20.3, which is above the 5-year average and the 10-year average according to JP Morgan.

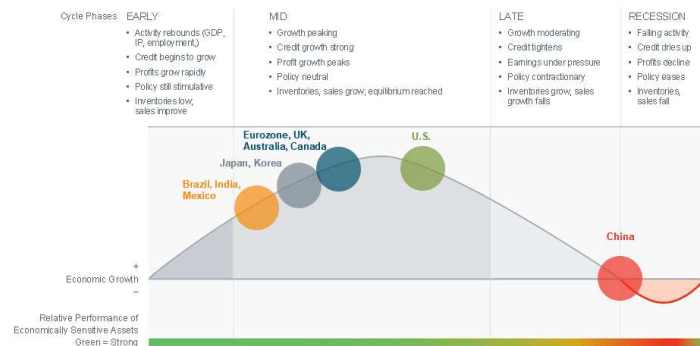


uptick through October. According to Fact S&P 500 companies have reported beating or 75% have beat or met Revenues. This is The GDP is expected to reach +7% in 2021 a year ago when the GDP plummeted -10.3%

Global Expansion Still Broadens Amid Growing Crosswinds

The broad trend of mid-cycle expansion continued for many major economies, including the U.S. and Europe, with economic reopening generally supporting activity. However, supply constraints and disruptions sapped some growth momentum, and many developing countries remained inhibited by their more limited vaccination and reopening progress. China slipped into a growth recession amid significantly decelerating activity.

Business Cycle Framework



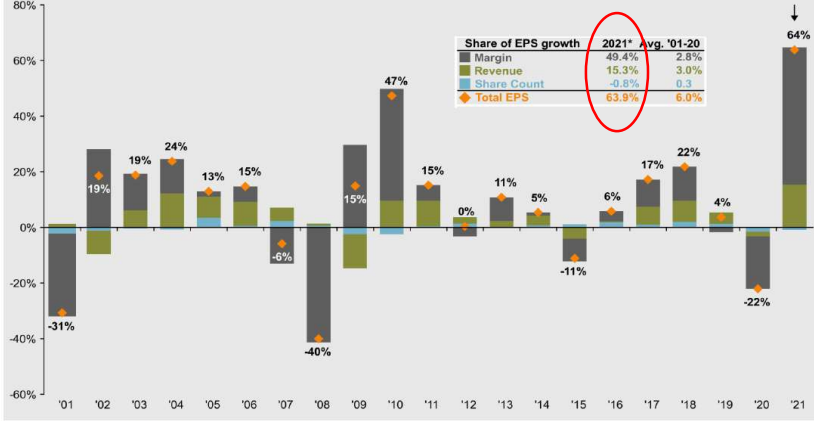
A growth recession is a significant decline in activity relative to a country's long-term economic potential. Note: The diagram above is a hypothetical illustration of the business cycle, the pattern of cyclical fluctuations in an economy over a few years that can influence asset returns over an intermediate-term horizon. There is not always a chronological, linear progression among the phases of the business cycle, and there have been cycles when the economy has skipped a phase or retraced an earlier one. Source: Fidelity Investments (AART), as of 9/30/21.



ECONOMY

S&P 500 year-over-year operating EPS growth

Annual growth broken into revenue, changes in profit margin & changes in share count



Source: FactSet, Compustat, Standard & Poor's, J.P. Morgan Asset Management. EPS levels are based on annual operating earnings per share. Percentages may not sum due to rounding. Past performance is not indicative of future returns. *2021 earnings estimates are based on forecasts from FactSet Market Aggregates. Guide to the Markets - U.S. Data are as of September 30, 2021.

However, the earnings of companies are rising at remarkable rates with margins rising 49.4% over the last 20 years averaging 2.8% according to JP Morgan. This quarter, if earnings continue to rise as they are expected the PE ratios will drop to acceptable PE's by sheer math of the denominator rising. Which means the stock market will have more room to rise! Ed Yardeni, in a tweet April 25, 2021, said MAMU here we come! In his latest book, *The Fed and the Great Virus Crisis*, He predicts the MMT+TINA=MAMU, where

MMT= Modern Monetary Theory, TINA= there is no alternative to stocks, and MAMU= the Mother of all Meltups. Another source Liz Ann Sonders of Schwab tweeted on 10/8/2021 that the “Smaller Speculators confidence has fallen and the Larger Commercial Hedgers confidence has risen.” See the chart to the right. This points to the market settling in for a steady normal growth cycle instead of the huge growth we have seen the last 12 months, some caused from small investors in MEME investing, SPACS, and Robinhood investors. Most expect market growth in the range of 5% to 8% for the next 3-7 years. Analysts will be researching to see if companies have true earnings that are coming from their ability to raise prices of their goods and services or is it just excess demand where the company has not been able to pass on any price increases. If this is the case when the demand wanes the earnings fall. The better scenario is companies that have been able to pass on price increases to consumers. This is inflation and the Federal Reserve wants some inflation, but not as fast as it has risen in the last 120 days. According to Art Cashin of UBS, he said on CNBC 10/22/2021, “You can't get inflation unless you lend it or spend it.” Inflation has risen quickly in 2Q to

Liz Ann Sonders @LizAnn... · 10/8/21
Using @sentimentrader cohorts: “Dumb Money” (smaller speculators) Confidence has fallen sharply lately, with “Smart Money” (larger commercial hedgers) Confidence on rise ... current trend/spread is a reversal from earlier this year



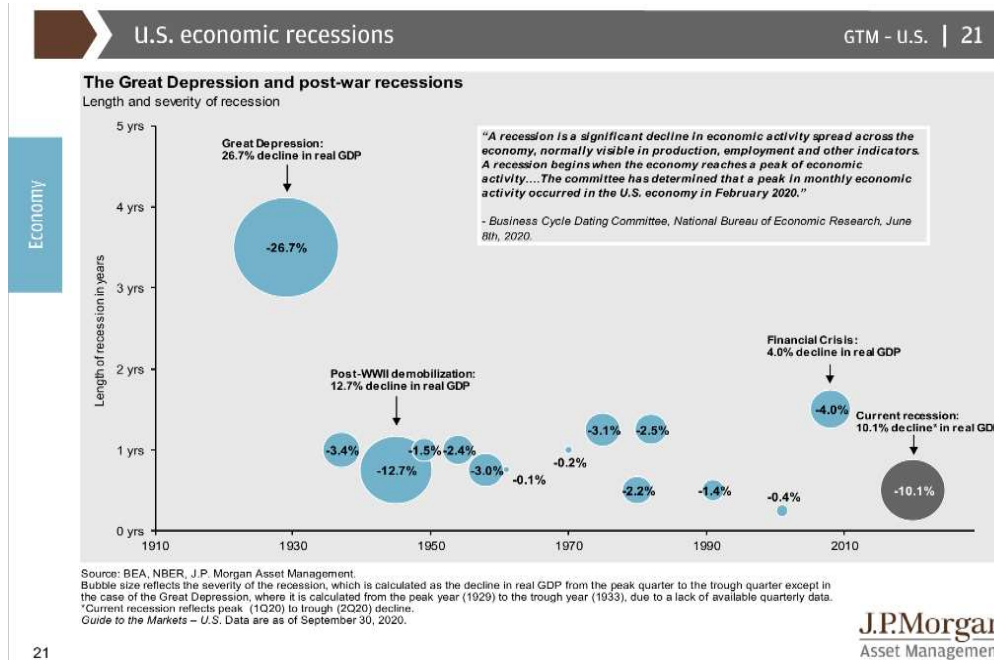
Year-over-year headline inflation by country and region, quarterly



Source: Bank of Mexico, DGBAS, Eurostat, FactSet, Federal Reserve, Goskomstat of Russia, IBGE, India Ministry of Statistics & Programme Implementation, Japan Ministry of Internal Affairs & Communications, Korean National Statistical Office, Melbourne Institute, National Bureau of Statistics China, Statistics Canada, Statistics Indonesia, UK Office for National Statistics (ONS), J.P. Morgan Asset Management. Heatmap is based on quarterly averages, with the exception of the two most recent figures, which are single month readings. Colors determined by percentiles of inflation values over the time period shown. Deep blue = lowest value, light blue = median, deep red = highest value. DM and EM represent developed markets and emerging markets, respectively. Guide to the Markets - U.S. Data are as of September 30, 2021.

you can't get inflation unless you lend it or spend it.” Inflation has risen quickly in 2Q to

5.4% and maintained around 5.3% in 3Q. Inflation was expected to rise in 2021 as federal stimulus pumped into the economy and prices rose due to increased demand for goods and shortages worldwide. The race is on to get the backed-up L.A. cargo ships unloaded in time for the holidays. However, long term inflation is expected to level out in the range of 2% to 3%. The Federal Reserve will watch the inflation rate very closely and will begin to taper bond purchases first then raise interest rates to cool it down when necessary. We expect this to begin in early 2022.



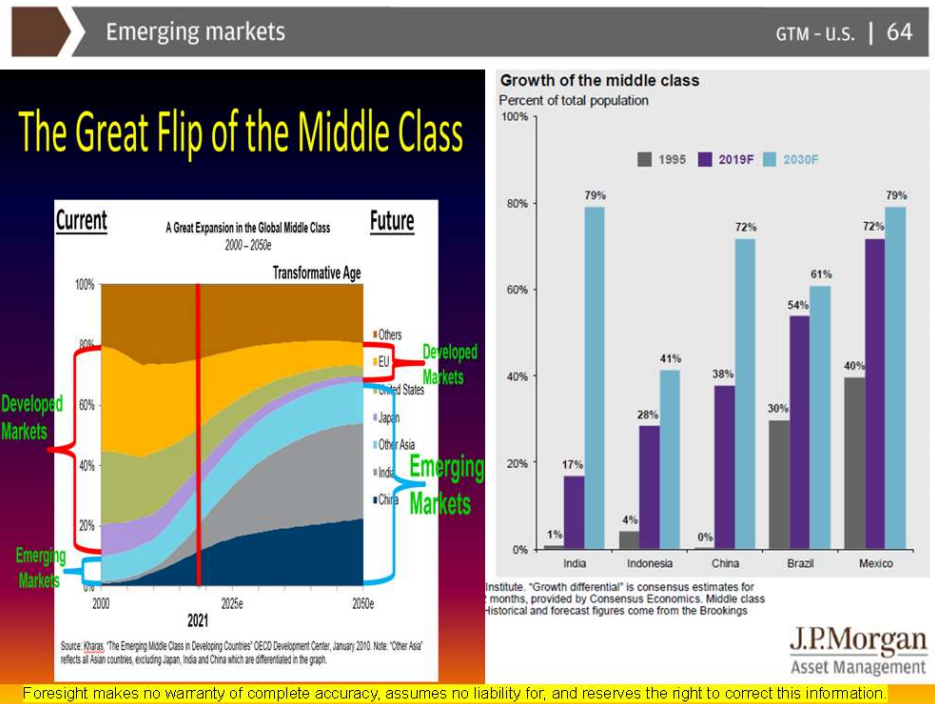
Although short in duration, the Covid-19 recession has gone down as the third deepest recession in history in terms of GDP contraction (see the dark grey dot to the far right in the chart), only trailing the post-WWII decline and the Great Depression. The U.S. GDP is expected to reach +7% in 2021, according to the latest estimate from

the Federal Reserve. Unemployment has dropped below 5% to 4.8% which is considered full employment. However, the U.S. now have about \$10 million open job postings and only \$8.9 million unemployed. This has caused a very difficult and complicated job situation with many employers according to Gallagher, a national insurance and consulting firm from Chicago, who says employers are basically buying back workers with Covid working conditions. Which means higher wages, more benefits, and bonuses. The good news is the U.S. is almost back to the pre-Covid total workforce and just shy 5 million jobs! So Covid did not shrink the workforce, in fact it actually has grown it, because if we are able to hire the 10 million workers for the job posts then we will be up 5 million more jobs than pre-Covid!

The Covid 19 vaccines are rolling out with 189 million fully vaccinated in the U.S. or 57.4% of the population, according to Our World Data on October 17, 2021. Progress is being made, but there is still work to do especially with the Delta variant spreading but booster shots are rolling out quickly! In the meantime, social distancing and mask wearing will be with us for some time. So, we need to be as safe as possible about our loved ones and our lives, until safer days abound.



Foresight sees opportunity in foreign emerging markets over the next 10 years due to the huge growth of the middle class abroad. Countries like India and China are expected to double their middle class over the next 10 years, after already growing at an exponential rate over the last 15 years. This will lead to more opportunity from an investment perspective as these countries grow their economy and work force. Foresight has added to Foreign investments and will continue to add to this investment sector as this unfolds.



Foresight has moved the portfolios into their mid-cycle risk level allocations and is stepping up the equity allocations as the economy enters the peak efficiency and growth- phase of the market. A typical moderate allocation is 60% equities and 40% fixed income but Foresight is leaning into equities at this time with a moderate allocation nearing 70:30. In a recent J.P. Morgan webinar on July 6, 2021 David Lebovitz, Global Market Strategist, said, "Diversification doesn't work every time but it does work over time!" Broad diversification favoring value is the focus of all the Foresight portfolios at this time. We see opportunities in industrials, infrastructure, financials, technology, foreign markets, U.S. small and midcap stocks, U.S. large value stocks, convertible bonds, floating interest rate bonds, and high yield bonds. For Individuals who have personal portfolios with Foresight we continue to monitor the stock portfolios weekly and have stop-losses, on nearly 1/3 of the holdings, with double-digit gains within the stock portfolios. All of the Foresight value stock holdings are in favor in 2021 and show the most growth year to date through 3Q 2021. Clients with taxable accounts at Foresight will see some gains have been realized this year due to the tremendous market growth, tactical rebalancing Foresight did to better position value focused holding in the portfolio, and some stop losses that triggered during abrupt market downturns during 2021. We will be contacting all clients with a tax analysis if this has any impact on your accounts.

Foresight honors Nicolas Gehringer!

Nicolas is a Saline Schools 6th Grader, and through a graphic arts and design posted in the Sun Times on June 2nd, Thank you Nicolas!



designed this ad for our company competition at his school. This was 2021.

Foresight Planning Ideas

Proposed Tax Law Summary - Here is a quick summary by Patrick Carney, VP and Director of Personal Wealth Management at Foresight, of some of the most notable tax proposals and their probabilities of being passed as law per a presentation attended last week with Leon LaBrecque at the Washtenaw Estate Council:

- Individual income tax rates- Raising top individual income tax rates back to 39.6% for individuals making over \$400,000 per year, Heads of household making over \$425,000 per year, or for families making over \$450,000 per year. This is highly likely to pass.
- Increasing the upper capital gains tax rate to 25% for individuals with capital gains over \$445,851 and families with capital gains over \$501,601. This is retroactive to 9/13/2021 and highly likely to pass.
- Roth IRAs with a balance in excess of \$10,000,000 will have required distributions of the excess amount each year. It is also proposed to prohibit Backdoor Roth IRA contributions or conversions for individuals with income over \$400,000 and families with income over \$450,000. This has a mid-level probability of passing.
- Estate tax: decreasing the lifetime estate and gift tax exemption back to Obama era levels of \$5 million per person from the current \$11.7 million exclusion. This has a mid-level probability of passing.
- Corporate tax rate: New graduated rates on corporations- flat rate of 18% on corporations with income under \$400,000 per year, 21% on income from \$400,000 to \$5 million, a progressive rate for income between \$5 million to \$10 million, and 26.5% on income over \$10 million. This will help small companies with a reduced corporate tax rate. However, this will lead to higher corporate tax rates for the largest global companies and is estimated to reduce S&P 500 company earnings by 6-9%. This is highly likely to pass.
- Global Intangible Low Tax Income (GILTI): Increasing the minimum tax on non-US income. This is estimated to increase taxes by \$309 billion. External: companies with foreign income in low-tax venues (e.g. Apple) will pay more taxes. Internal: businesses with foreign source income will have higher taxes on the foreign income. This is highly likely to pass.

There is also a SECURE ACT 2.0 proposal with the following proposals:

- Gradually increasing RMD age from 72 to 75. Age 73 in 2022, 74 in 2029, and 75 in 2032.
- Increased catch up savings contributions to \$10,000 for ages 62-64, starting in 2023. Effective 2022, all catch up contributions must be Roth.
- Matching contributions for student loan repayment. Example: If someone pays down \$500 of their student loan debt, their company can now contribute \$500 to their retirement plan at work as a "matching contribution".

IRS Contribution Limits - Some Increases for 2022: *The IRS will be releasing their new 401(k), 403(b), and 457 savings limits for 2022 and it is likely that limits will increase to \$20,500 deferral max and for 50+ \$27,000 deferral. Total Savings limits for deferral, match and profit sharing will likely rise by \$3k up to \$61,000. IRA or Roth savings limits will likely remain the same at \$6,000 and if age 50+ \$7,000. HSA savings limits rise in 2022 for single \$50 up to \$3,650 and for family up \$100 to \$7,300 and if 55+ up to \$8,300.*

PEP-Pooled Employer Plans: Foresight now offers 401(k) plans for small businesses under the new SECURE Law that introduced PEP Plans to all small businesses. No matter what size your company is with employees from 1 to 100 can join a PEP plan and offer 401(k) savings limits to your company employees! The PEP offers economy of scale and keeps the cost extremely reasonable for all members of the PEP. Please call us today for more information on how to join the new PEP 401(k) plans and offer your employees a new benefit!

HSA-Health Savings Plans: Foresight now offers HSA investment plans with debit cards and investment growth for your health care savings accounts. Most employers are now offering HSA plans with your health benefit plans to keep costs reasonable, but the HSA plan attached to the benefit does not allow for you to invest your HSA account and the funds just set in a bank account. The Foresight HSA can be opened, in addition to your employer HSA, and allows you to invest your HSA in our Foresight Models just like we have for our 401(k) plans

or mutual funds clients. Any unused HSA balance you have can be easily transferred to a Foresight HSA and made into an investment portfolio while keeping the minimum at your employer for use with your debit card! Then if you need funds put on your debit-card we can simply move funds to the debit card as needed. In the meantime, your HSA is growing and can be saved for healthcare in retirement too! Contact us for more information, 877-429-4690.

Student Debt Refinancing: Consider refinancing student debt, if possible, since the interest-free period is scheduled to sunset on January 31, 2022. The Biden Administration is still working on loan forgiveness, but it is not a forefront topic until the infrastructure bill is passed and is likely to be \$10,000. Therefore, the interest rates have recently fallen and we recommend applying for a refinance to see if the payment options with lower interest are suitable for you. Please contact us if you would like an analysis regarding your student debt.

Last Pass App: Allows you to enter your Passwords in the application on your cell phone. The app allows you to assign Masters (people) who can enter the app and obtain the information if you pass away. Masters would be given the information to access your cell phone and this app to obtain the critical information needed. This is an app worth looking into as a safekeeping vault for all your passwords and user id logins.

RMD's required minimum distributions are restated for 2021. It is required if you are age 72+ that a RMD is taken from all your pre-tax IRA's and retirement accounts. Please contact us if you have questions or would like us to help you to set this up from your accounts.

Charity Write offs increase in 2021: Every taxpayer in 2021 will get a direct charity tax write off which increases to a \$600 write off for all joint filers in 2021. This is an increase over the \$300 limit for 2020. So encourage giving at this time of need because Uncle Sam is giving you a tax benefit to do so!

Paycheck Protection Program: Has rolled out a second PPP loan program if a company has encountered a reduction in revenue of at least -25% for a quarter in 2020. Additionally, the first PPP loans have the 3508 forgiveness forms now available. The new form 3508S just became available for loans <\$150k, which is an abbreviated forgiveness form. The AICPA is encouraging you to contact your lender for specifics regarding your loan and loan forgiveness if you received a PPP loan.

SECURE ACT 2019: The recently passed SECURE Act has led to many changes in the retirement landscape. Most noticeably, the RMD required beginning date age for individuals turning 70 ½ after 12/31/2019 has changed to 72 years old. In addition to the later required RMD beginning date, individuals can now continue to contribute to an IRA passed 70 1/2 if they have working wages. However, a trade-off of the SECURE Act is that non-spouse beneficiaries of IRA's (inherited IRA's) must now distribute the entire account balance by the end of the 10-year period preceding the passing of the individual they are inheriting the IRA from. Another addition from the SECURE Act is that part-time employees now have easier access to participating in their company's retirement plan by working either 1,000 hours a year or by working at least 500 hours for three consecutive years. Please visit <https://www.congress.gov/bill/116th-congress/house-bill/1994> for more information.

CEPA- Certified Exit Planning Analysis Services: Foresight is now certified to provide exiting planning valuations for businesses and owners. Our firm is also prepared to assist with implementing business improvements to assist with increasing the value of your business prior to an exit or retirement. If you are interested, or know of someone who is interested, in pursuing services in this area please reach out to Foresight at 877-429-4690.

Do you have a Letter of Instruction at Death with your Estate documents? This is the most neglected document in planning according to a recent training we attended from Walter Haig. The LID=Letter of Instructions at Death needs to include the following: Funeral arrangements (transport of body, prep of body, disposal of body, obituary, and ceremony) Contact List, a list of Passwords/Pins, Cell Phone Password, Care of Pets, Disposition of Personal Property to prevent heirs from removing stickies and taking family heirlooms. The LID document is usually missing from normal estate

documents which should include a will, trust, durable POA, health directive, and general POA. We recommend you add a LID to your estate documents because it will finish out all your final planning.

Millennials: are turning 40 this year. Millennials are now the largest % of the population, the most educated, and the most diverse group. This group will continue to drive the market and economy for years to come as they enter their highest earning years. Foresight has expanded our **Speculative Portfolio which invests in future growth areas of the market.** This portfolio is not for everyone, but especially millennials who have many years to let a portfolio grow, may find this a great opportunity. If you are interested in learning more about this please email us at consultant@fcmadvisors.net.

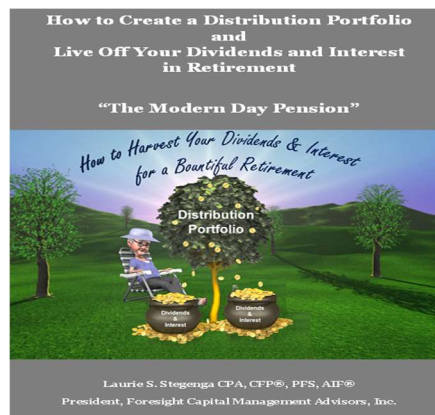
Consolidated Reporting-Do you have accounts outside of Foresight that you would like to see all in one place? We can help you get consolidated reporting! Sign up for By All Accounts which is a consolidating reporting company that will allow all your accounts to be reported with your Foresight accounts. Contact us at 877-429-4890 and ask for Justin or Jessica and they will help you complete this.

New Fiduciary Vetted Annuities are now available at Foresight: The NAPFA organization has worked to create a series of annuities that Foresight, a fee only registered investment advisory firm, can continuously rebalance quarterly in no-load mutual funds. Additionally, these annuities can be used over joint lives of the spouses and any remainder funds can be inherited by the estate heirs. Annuities are not for all investors, but if you are interested in learning more please contact Foresight because some of these annuities grow between 4%-5.5% over the next 10 years, which will nearly double the investment during this time. Contact us at 877-429-4690 for more information.

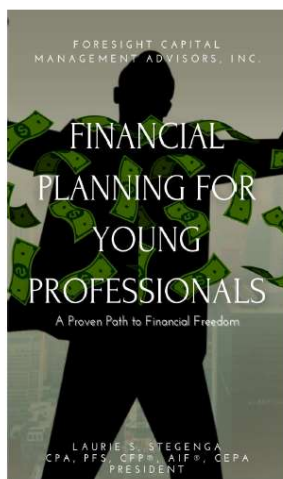
Foresight Whitepaper 2nd edition released January 2021

Foresight is pleased to announce our newest published piece which details the key steps of how to invest your portfolios for retirement! Most people work all their lives saving money in their employers' 401(k), 403(b), and 457 plans. When they are nearing retirement, they do not realize it is best to transform these portfolios from mutual fund portfolios into distribution portfolios! The reason for doing this is the key message of our latest white paper titled, "The Modern Day Pension – How to Create a Distribution Portfolio and Harvest Your Dividends and Interest for a Bountiful Retirement"

**NEW WHITEPAPER
RELEASING IN 1Q22!**



Foresight to release a new Whitepaper in 2022!



Focused on the many financial planning areas a young professional should strategically work into their overall lifestyle. When this is organized and addressed at a young age the young professional can successfully launch their career, start a family, pay off student debts and plan for their future! We walk through the Foresight holistic approach to financial planning in this new whitepaper that will be a must read for most career minded professionals. The sooner you read this whitepaper the more settled you will be as you begin the journey in your career.

Topics Covered:

- Holistic Approach to Finances
- Life Coaching
- Behavioral Finance
- Monte Carlo Simulation
- High Touch Services
- The Ultimate Balancing Act

Roth 401(k)'s should be rolled to an IRA before age 72: it is wise to roll these funds to a Roth IRA before you turn 72 because if the Roth funds are left inside a 401(k) they must take RMD (required minimum distributions) just like the pre-tax funds which defeats the purpose of letting the Roth grow! However, if you roll it over into a Roth IRA before 72 then you do not need to take the RMD from the Roth IRA. This is a very important hint to remember!

Roth IRA Ideas: If interested in additional savings ideas consider opening a Non-deductible IRA. This will allow you to save the maximum in your 401(k) and also save an additional \$6k in a Non-deductible IRA, and \$7k if age 50+. Then convert the Non-deductible IRA to a Roth IRA! It is a way to obtain a backdoor Roth IRA funding even if you are not able to save directly into a Roth IRA. Additionally, ask if your 401(k) allows for additional after-tax contributions. If so then you can add to the after-tax contributions and consider rolling them out to an IRA where you can do a conversion to a Roth IRA. This is another form of backdoor Roth!

On-line Access: Each year we encourage everyone to test your on-line access to your account(s) at the custodian or third-party administrator for your plan. Please visit Journeyrps.com, Noblepension.com, or Sentinelgroup.com retirement participant. For individual clients at TD Ameritrade access Advisorclient.com for Schwab Institutional Clients access Schwaballiance.com. To access your web portal for individual accounts, go to <https://fp.morningstar.com>. If you have any difficulty accessing your account, please email or contact us.

Foresight has MOVED our office!

Our new address is:

**Foresight Capital Management Advisors, Inc.
1205 Industrial Drive
Saline, MI 48176**





Capital Management Advisors, Inc.

Market Update

(all values as of 09.30.2021)

Stock Indices:

Dow Jones	33,843
S&P 500	4,307
Nasdaq	14,448

Bond Sector Yields:

2 Yr Treasury	0.28%
10 Yr Treasury	1.52%
10 Yr Municipal	1.13%
High Yield	4.21%

YTD Market Returns:

Dow Jones	10.58%
S&P 500	14.68%
Nasdaq	12.11%
MSCI-EAFE	6.23%
MSCI-Europe	7.97%
MSCI-Pacific	3.32%
MSCI-Emg Mkt	-2.96%

US Agg Bond	-1.55%
US Corp Bond	-1.27%
US Gov't Bond	-1.93%

Commodity Prices:

Gold	1,756
Silver	22.15
Oil (WTI)	75.19

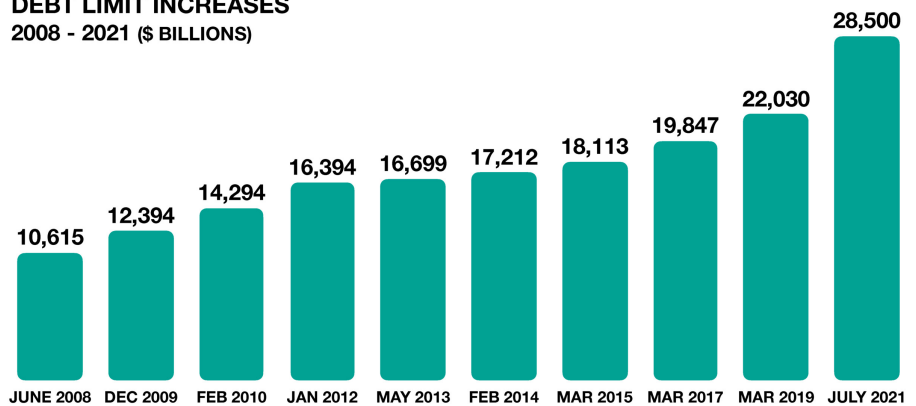
Currencies:

Dollar / Euro	1.16
Dollar / Pound	1.34
Yen / Dollar	111.65
Dollar / Canadian	0.78

Macro Overview

A Congressional standoff surrounding raising the debt limit led to increased market volatility as a political debate lingered. Impasses regarding the debt ceiling have occurred numerous times since the limit was established in 1917.

**DEBT LIMIT INCREASES
2008 - 2021 (\$ BILLIONS)**



Some economists believe that dissipating stimulus payments along with growing inflationary pressures may hinder economic expansion heading into 2022. Also adding to consumer tensions are tax reform measures proposed by Congress that are creating uncertainty surrounding tax and estate planning. Among the proposals are heightened capital gains taxes, reduction in estate tax exemptions, and limits on transferring assets to heirs with favorable tax treatments.

The number of known deaths from Covid-19 in the U.S. has now surpassed the number of fatalities from the 1918 flu pandemic. The CDC reported that over 675,000 people have died thus far, equaling those who died in the 1918 pandemic. Notably different is that the population of the U.S. has nearly tripled since 1918, thus having a smaller toll on the overall population of 333 million.

Economists are noting that wage gains have been trailing price gains throughout the economy, meaning that consumers are able to buy less. Rental costs, the largest expenditure for many consumers, are expected to increase as forecast by the Federal Reserve Bank of Dallas.

Interest rates rose in September driven by inflationary influences and the Federal Reserve's signal that it will start alleviating stimulus support by the end of the year. Heightened energy prices along with ongoing supply constraints are stoking inflationary concerns as consumers resume spending on products and services. Gasoline, oil, and natural gas prices rose in September as supply constraints and increased global demand added to price pressures.

Cryptocurrency has become highly disputable among various world governments. September saw two significant opposing positions for digital currency as El Salvador became the first country to adopt a cryptocurrency as its legal tender and China's Central Bank declared all crypto-related transactions illegal, citing concerns about gambling, fraud and money laundering. (Sources: CDC, U.S. Treasury, Federal Reserve)



Capital Management Advisors, Inc.

Volatility Returns As Uncertainty Prevails – Equity Overview

Volatility returned in September to U.S. and international equities as central bank stimulus efforts are expected to start unwinding by year end.

Third quarter results for major equity indices revealed that the financial and utilities sectors led the broad markets, with the energy sector leading all sectors year to date.

Equity analysts believe that ongoing supply disruptions have worsened globally as Covid related issues continue to impact factories and ports worldwide. Freight and energy constraints continue to add costs to companies, posing a material risk to profit expectations.

Sources: Bloomberg, Reuters, S&P

Rates Head Higher – Fixed Income Overview

Rates moved slightly higher in September as markets look to the Fed for indications of a taper. Yields on government, corporate and municipal bonds rose, sending bond prices lower.

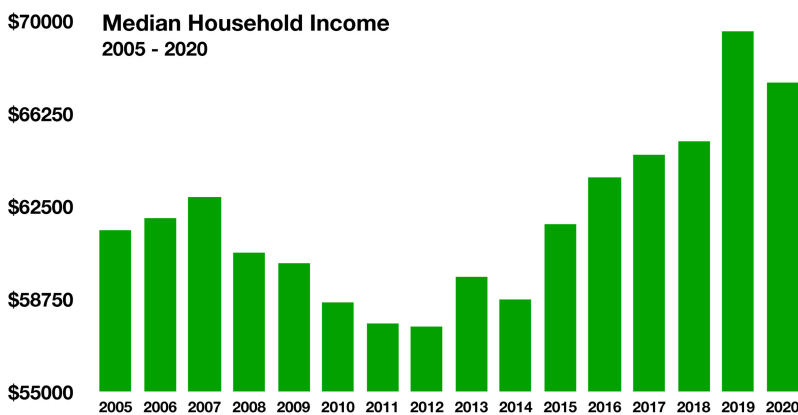
The Federal Reserve announced that it will probably start tapering its bond buying strategy as soon as this November, as well as an inclination to start raising rates in 2022. Bond buying by the Fed has been a stimulus process that has helped maintain low interest rates.

FreddieMac reported that the average rate on a 30-year fixed mortgage rose to 3.01% as of September 30th, the highest weekly increase since February.

Sources: U.S. Treasury, Federal Reserve, FreddieMac

Median Household Income Drops – Demographics

The median household income fell in 2020 for the first time since 2014, according to the most recent Census Bureau data released in September. Widespread stimulus payments as well as enhanced unemployment benefits were not enough to match prior year incomes in 2019. As of the end of 2020, the median household income was \$67,521, a drop of 3% from 2019. Even though it doesn't appear to be much of a consequential drop, inflation pressures are becoming more of a concern. Census Bureau data is adjusted for inflation, albeit at only 1.25%, which is the U.S. Bureau of Labor Statistics calculation.



Analysts suspect that the inflation rate may actually be much higher, perhaps approaching the 50-year average of 4.1%. Because of this, some economists believe that median incomes are not keeping up with inflation and stripping many households of their purchasing power. (Source: U.S. Bureau of Labor)

How The Debt Ceiling Came About – Fiscal Policy

Formally known as the statutory debt limit, the United States debt ceiling or debt limit is a legislative restriction on the amount of national debt that can be issued by the Treasury. The debt limit has been raised 79 times since its creation in 1917, with 17 of these increases occurring over the past 20 years.

The United States has maintained legislative restriction on debt since 1917. In order to control the amount of total debt outstanding, Congress has placed restrictions on Federal debt issuance since the passing of the Second Liberty Bond Act of 1917, which eventually evolved into a general debt limit in 1939. The Second Liberty Bond Act of 1917 helped finance the United States' entry into World War I, which allowed the Treasury to issue long-term Liberty Bonds.

Periodically, a political dispute arises over legislation to raise the debt ceiling. Until the debt ceiling is raised, the Treasury undertakes what is termed as “extraordinary measures”, which essentially buys more time for the ceiling to be raised.

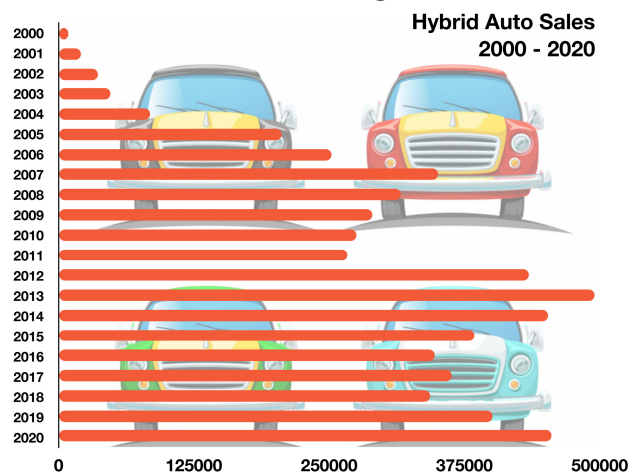
The United States has never reached the point of default, where the Treasury is unable to pay its obligations. In 2011 the United States reached a point of near default, which in turn triggered the first downgrade of U.S. debt by credit rating agencies. Congress raised the debt limit with the Budget Control Act of 2011, which led to the fiscal cliff and set a new debt ceiling that was reached on December 31, 2012. The current debt ceiling debate in Congress is expected to lead to a debt ceiling increase sometime in the first quarter of the government’s fiscal year, which begins October 1 of each year. (Source: Congressional Research Service, U.S. Treasury)

Hybrid Auto Sales Continue To Grow – Auto Industry Overview

The adoption of hybrid and electric cars worldwide has been a trend for years, with limited options from only a few manufacturers. A recent surge of new entrants into the market along with rapidly advancing electric motor and battery technology, has provided a flurry of additional options for consumers.

Government subsidies and environmental sensitivity have also helped increase the popularity of hybrid vehicles, thus propelling sales upward. Currently, there is a \$7,500 federal tax credit for the purchase of a new electric vehicle. Some Congressional leaders are proposing even larger tax credits and an extension of those credits through 2031.

There are currently over 253 million cars and trucks on U.S. highways, with roughly 550,000 of them electric. Electric vehicles have also grown in popularity in other countries as new models and manufacturers have evolved. China, Japan, the Netherlands and Norway are among the countries with the largest amount of electric vehicles. Hybrid auto sales have been outpacing electric auto sales as numerous manufacturers and brands have introduced new models prompting competition in the industry. Hybrid auto sales grew to over 454,000 vehicles in 2020, a growing trend from only 9,350 vehicles in 2000, as tracked by the Department of Transportation. (Sources: InsideEVs, Dept. of Transportation)





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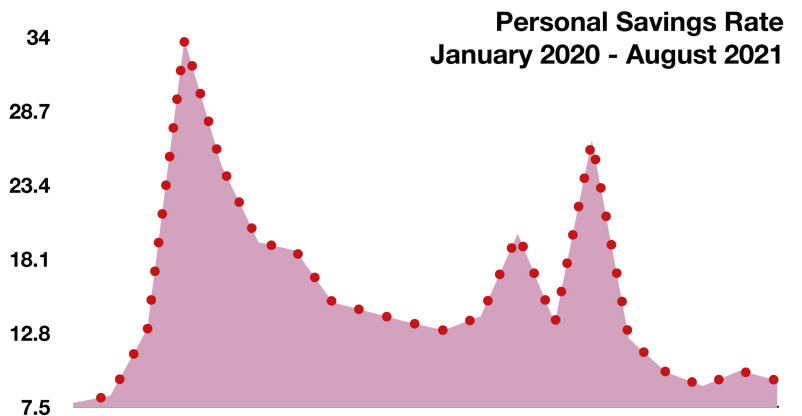
Americans Tapping Savings – Consumer Behavior

As store and restaurant closures prompted consumers nationwide to stay home last year during the height of the pandemic, consumers spent less, and saved more. In addition, massive stimulus efforts by the government placed funds in millions of consumer savings accounts last year, helping to shore up the savings rate.

The most recent savings rate data made available reveals that consumers are now saving less, perhaps tapping their savings accounts as prices have increased and stimulus payments have vanished. The personal savings rate as of October 1, 2021 stood at 9.4%, down from 33.8% in April 2020.

Dwindling consumer confidence along with uncertainty surrounding the job market, shifted many from a spending mode to a saving mode in 2020. The average savings rate for the past 60 years has been 8.9%. The savings rate jumped from 8.4% in February 2020 to 33.8% in April 2020 as the pandemic took hold of the U.S. economy.

Economists view the decrease in savings part of a sustained economic expansion. Since nearly 70% of Gross Domestic Production (GDP) is represented by consumer expenditures, higher savings tend to take away from spending throughout the economy. Consumer confidence is also a factor as a lack of confidence tends to increase savings while minimizing spending. (Source: <https://fred.stlouisfed.org/series/A072RC1Q156SBEA>)



How To Check On Your Social Security Benefits Before Retiring – Retirement Planning

As retirement approaches, estimating income for the retirement years is critical in planning for living and leisure expenses. It is suggested to request an updated Social Security Statement which estimates the projected benefit payments at different ages. As more people have been working longer than expected before retiring, the additional income can increase Social Security benefits.



The earliest one can take Social Security is age 62, which pays a lower benefit than waiting until full retirement age of 66 for those born between 1943 and 1954. Full retirement age increases gradually for those born between 1955 and 1960 until reaching age 67. For anyone born 1960 or thereafter, full retirement age is 67.

In order to request your estimated benefit payments, the Social Security website provides friendly calculations and estimates based on your most current tax year filing. Simply visit <https://www.ssa.gov/myaccount/retire-calc.html> Source: www.ssa.gov

Market Returns: All data is indicative of total return which includes capital gain/loss and reinvested dividends for noted period. Index data sources; MSCI, DJ-UBSCI, WTI, IDC, S&P. The information provided is believed to be reliable, but its accuracy or completeness is not warranted. This material is not intended as an offer or solicitation for the purchase or sale of any stock, bond, mutual fund, or any other financial instrument. The views and strategies discussed herein may not be appropriate and/or suitable for all investors. This material is meant solely for informational purposes, and is not intended to suffice as any type of accounting, legal, tax, or estate planning advice. Any and all forecasts mentioned are for illustrative purposes only and should not be interpreted as investment recommendations.

Global Equities Stay Steady In August – Equity Update

Global equity markets advanced in August amidst growing concerns surrounding Covid variant threats. Continued supply issues of critical components for various products weighed on earnings estimates, as many companies struggle to rebuild inventory. Higher prices for some services and products are sustaining revenues and margins for various companies.

Major equity indices all posted higher gains in August, elevating both large and small capitalized companies. International markets also fared well for the month, as developed and emerging equity indices saw increases.

Sources: Bloomberg, Reuters

Bond Yields Starting To Feel Pressure – Fixed Income Update

The Federal Reserve announced that it anticipates alleviating bond buying possibly later this year, yet with no imminent interest rate increases for now. The Fed's pull back in bond buying is known as tapering, when stimulus support starts to unwind.

Ironically, any pull back in bond buying is expected to lead to higher rates, an indirect consequence of tapering. Yields on Treasury bonds maturing from 2 to 30 years all saw slight increases, interpreted by economists as a shift up in the yield curve, meaning that economic expansion is possible and that inflationary pressures are looming.

Sources: Fed, U.S. Treasury

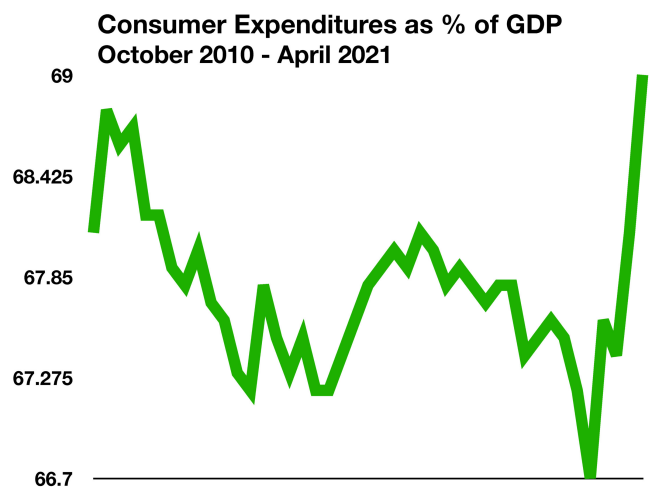
Consumers Drive Economic Growth, Not Government – Consumer Expenditures

Each month the Department of Commerce releases its Gross Domestic Product (GDP) report. This report is the single most recognized indicator of how the economy is performing.

GDP is made up of private consumption, gross investment, government spending, and net exports. The single largest contributor of these components is consumer consumption, making nearly 70% of GDP.

Historical data provided by the Bureau of Labor Statistics shows that U.S. economic growth has steadily become more reliant on consumer expenditures. Consumer expenditures as a percentage of GDP have risen to their highest levels over the past three years since the end of World War II. The importance of how much we consume as consumers each and every day has become that much more significant.

Additional data from the Fed shows that consumers have also adjusted their spending behaviors, relying less on credit and more on government stimulus payments to spend, vastly different from the peak of easy credit seen in 2004-2006. (Sources: BLS, Fed)



Why Bacon Is Getting More Expensive – Food Inflation

Various factors have contributed to bacon's higher costs over the past year, including rising feed costs, processing costs, increased demand, and newly passed animal confinement rules.

As the pandemic shuttered businesses over the past year and kept workers home, processing plants that produce meat products, such as bacon, weren't able to fulfill demand. Grains and other feed products increased in costs concurrently, adding pressure for producers to increase prices.



A California proposition passed in 2018, known as the Farm Confinement Proposition, will start to require that pig farmers maintain more breeding space for animals. Producers are already making arrangements for the additional required real estate and plan to pass along those expenses to consumers. Pig farmers in states other than California are affected since pork products won't be allowed for sale in California unless the new animal confinement rules are met.

Increasing labor costs are also a concern as meat producers that lost workers last year to the pandemic, still haven't found replacements, with some having to increase wages in order to attract new hires.

Sources: USDA, BLS, National Pork Producers Council

Millions Spend Nearly Half Of Income On Rent – Housing Update

As home prices have soared over the past year and housing inventories fallen, more and more families are being forced to rent rather than own. As the demand for rentals has been increasing, the level of home ownership has been falling. Some attribute this dynamic to a low inventory of homes on the market, while others blame speculation contributing to rapidly rising home prices.

A lack of available houses along with the increased demand for rentals has propelled rental costs upward. The number of families dedicating almost half of their income to rent was approximately 10 million people in 2020, according to the annual State of the Nation's Housing Report from the Joint Center for Housing Studies.

As rental prices have been rising faster than wages, losing such a large portion of a paycheck to cover housing means cutting back on essentials such as food, clothing and health care. This can be draining on young families trying to save for a down payment on a home purchase and not knowing if they'd be able to get approved or not.

More affluent renters are staying in the rental market longer and driving up the demand for housing. Traditionally, the wealthy move on to become homeowners, but tight inventory in the housing market is keeping them in rentals longer.

The report found that most new apartment construction has focused on the higher income earners. Those earning \$75,000 and over have contributed the most to rental growth over the past few years.

Sources: Joint Center For Housing Studies

SNAP Benefits Up Over 35% in Past Year – Government Subsidy Benefits Overview

The U.S. Department of Agriculture announced that the Supplemental Nutritional Assistance Program (SNAP), also known as food stamps, will increase benefit payments by 25% starting in October. The increase is the largest ever for the 42 million recipients nationwide. The average monthly increase will amount to roughly \$36 in food benefit payments per person.

Data provided by the USDA showed that there was over a 35% increase in SNAP benefit payments over the past year, May 2020 through May 2021. The increase in SNAP benefits coincide with the rise in food prices nationwide.

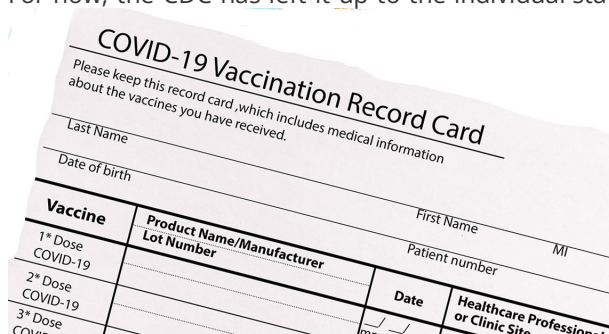
Food stamps were first introduced in 1939 as the Food Stamp Program (FSP), which issued orange and blue stamps used for approved food purchases nationwide. The Food Stamp Act of 1964 set into motion a broad and highly monitored system that is still being used, known today as SNAP.

Source: USDA

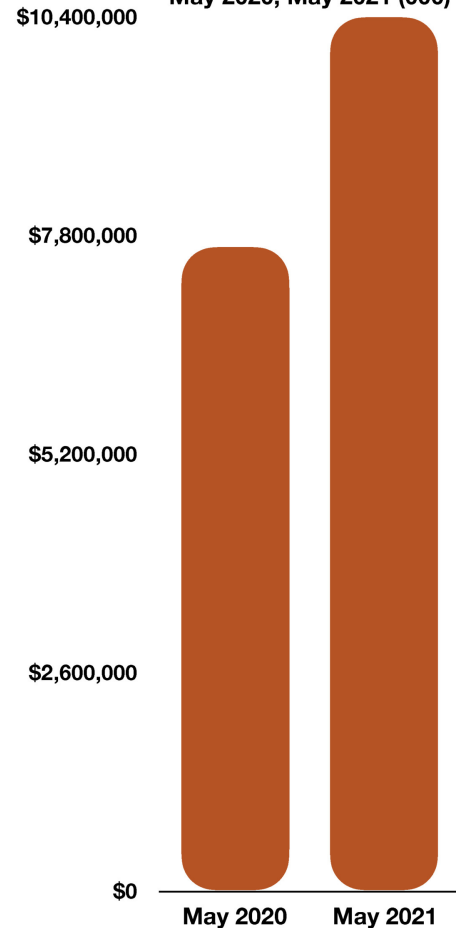
How To Digitize Your Covid-19 Vaccination – Covid Focus Update

As millions of Americans have now been vaccinated, the little white card showing proof of vaccination may eventually not suffice. Various schools, employers, and government entities are starting to require a digitized record of a Covid vaccination.

Some states have already introduced apps that allow immunization records to be stored and displayed on mobile devices. It is suggested to check with the state’s department of public health where you received your vaccination to verify if a digitized record is available. For now, the CDC has left it up to the individual states



SNAP Benefit Payments
May 2020, May 2021 (000)



to offer digitized immunization records. Not every state offers digitized records currently. It is expected that a digitized record of vaccinations may eventually become available on a national level.

Source: Centers For Disease Control & Prevention

Benefits Of A Trust Versus A Will – Estate Planning

A properly drafted will or trust is essential for anyone that has assets to leave to heirs. Either a will or a trust allows you to designate anyone you wish as beneficiaries. Both a will and a “revocable living trust” allow you to identify who the heirs to your assets will be.

The main difference between the two is that assets held in a trust will avoid probate upon one’s passing, which is inhibitive to the heirs and costly. A trust structured as a revocable living trust can help shelter family assets from taxes by properly placing assets within the trust. For 2021, the first \$11.7 million (per individual) \$23.4 million (per married couple) is excluded from estate taxes with any assets over that amount taxed at the Federal Estate Tax Rate.



If you own property in another state, a living trust eliminates the need to probate that property in that state. A living trust can immediately transfer management of your property if you become incapacitated either physically or mentally. There is no need to go to court to appoint a guardian or conservator.

If you choose to create a living trust, you should also create what is called a pour-over will. It provides for the distribution of any property that is not included in the trust. It will also allow you to name a guardian for any minor children. (Source: IRS)

Stress Induced By The Pandemic Creates Health Concerns – Health Awareness

Nearly a year and a half since the WHO declared Covid-19 a global pandemic, millions of Americans are experiencing ongoing health effects as a result of stay home restrictions, lack of social interaction, and deteriorated eating habits.

The American Psychological Association released a report detailing some of the ill health effects brought about by the pandemic. Prolonged stress experienced by adults has led to mental and physical impairments including weight changes, disrupted sleep patterns, and increased alcohol use.

Weight change is common among those coping with mental health challenges. Over 60% of surveyed adults experienced undesired weight changes, either an increase or decrease.

Many people also postponed or canceled health care services including doctor visits and regular health screenings. Nearly half of those surveyed said their level of stress increased since before the pandemic. Essential workers were more prone to stress than those who were able to work from home. More than half of the essential workers surveyed said they relied on unhealthy habits to get through the strains of the pandemic.

The report also found that roughly half of those surveyed are hesitant about the future regardless if they're vaccinated or not. (Source: American Psychological Association; Stress In America-One Year Later)