ERI EMPOWERMENT RESOURCES INTERNATIONAL
CREATING YOUR OWN BANK, ELIMINATING ALL DEBT, INCLUDING MORTGAGE(S), & STUDENT LOANS, & BUILDING YOUR ECONOMIC LEGACY!
THE ADVISOR
ERIC K. WILLIAMS
MDRT The Premier Association of Financial Professionals®
4TH QUARTER 2021

Skeletons Are Piling Up in the World's Closet as Fall Arrives

The Summer that began with so much optimism is coming to an end. While Wall Street is still clinging to optimism, its grip may be severely tested this Fall. A host of issues have emerged that could impact all the financial markets just as we head into a season already known for market turmoil. Are you prepared?

You're most likely well aware of the issues. One, of course, is Covid-19. The reason Summer started with so much optimism is that coronavirus infection rates were falling, and the U.S. economy was fully reopening. However, as Summer wore on, new Covid-19 variants emerged, and infection rates began climbing again. The trend has only gotten worse, and in some areas of the U.S., hospitalization and infection numbers are now higher than they've been at any time during the pandemic.[1]

The situation is even more troubling when you consider that one variant — the lambda variant — may be vaccine-resistant and more deadly than the original virus.[2] If it becomes more widespread, could it lead to a de facto economic shutdown in which people are simply afraid to go out? It's a troubling question as we head into Fall, when fewer businesses will be able to offer outdoor service options in many parts of the country.

New Terrorist Fears

On top of that, we could see another threat worsen to the point where many Americans are afraid to go out: terrorism. Though it's heartbreaking to think about, the fact is that as the 20th anniversary of 9/11 approaches, the Taliban has reemerged as a threat to national security. We've already seen one terrorist attack kill American soldiers in Afghanistan. Will the situation worsen, and if so, will it shake up the markets as this issue usually does?

In addition to all this, we also have the delicate state of the economic recovery itself. So far this year, that has been the only issue to cause any real stock market volatility — specifically the threats of inflation and rising interest

Continued on page 2

Saving Based on Personal Goals

To effectively save money, you need to develop a financial plan based on what you want to achieve in your lifetime. The foundation of your financial plan is the personal goals you establish.

You will want to develop short-, intermediate-, and long-term goals. Each goal should also have a defined dollar amount and specified time frame for when you want to meet it.

Deciding on Your Goals

Examples of goals would include:

- Short-term goals could include saving for an emergency fund, a car down payment, small home improvements, buying furniture, or a vacation.
- Intermediate-term goals would include saving for a home or starting a business.
- Long-term goals typically include saving for a child's education, a vacation home, and retirement.

Once you've established your goals, you will then want to identify a dollar amount that you need to complete each goal. An annual vacation may be a $5,000 goal, while retirement may be more like a $1,000,000 goal.

What's Most Important

Now that you have your goals, their dollar amounts, and time frames, the next step is to decide the importance of each goal so you can

Continued on page 3

ERI Empowerment Resources International - 30 South Wacker Drive, Suite 2200, Chicago, IL 60606
A+ Rating BBB ACCREDITED BUSINESS Office: 312-212-4466 | Fax: 312-212-4467 | eric@ERI.global | www.ERI.global

Skeletons Are Piling

Continued from page 1

rates. However, even that volatility was fleeting, and ultimately all three major market indexes have hit numerous new record highs this year. Will that trend continue, or will the Federal Reserve undo it by mistiming its next big move? If the Fed raises short-term rates or unwinds quantitative easing too early, that could send us back into a recession. If it waits too long, inflation could worsen. Either scenario could send the markets reeling — and it wouldn't be the first time that poor timing by the Fed triggered a correction.

No one knows for sure what will happen, but there are some important points to keep in mind. One is that for all the stubborn optimism of the stock market, the bond market tells a different story. After rising steadily early this year, the yield on the 10-Year Treasury rate leveled off this spring and has trended mostly downward ever since.[3] This suggests an increasingly high demand for bonds and the security they provide relative to stocks. In other words, the bond market has appeared much less optimistic than the stock market for most of the year, and it remains that way as we head into Fall.

The October Effect

Another important point is that, historically, fall is often seen as a challenging time for the financial markets. This perception is based largely on the October Effect, which is the idea that financial declines and market crashes occur in the 10th month of the year more than any other. The panic of 1907, the great crash of 1929, and 1987's Black Monday all happened in October. Even though Wall Street has enjoyed plenty of strong Octobers, the October Effect can still have an impact because the markets are so emotional. In other words, just the fear of an impending market drop can be what causes the drop.

This year it seems fitting that October is also the month of Halloween, and that one of the iconic symbols of Halloween is the skeleton. Between Covid-19, Afghanistan, inflation, and several other factors, we now have quite a few "skeletons" in the world's geopolitical closet, any one of which could suddenly fall out and shake up the financial markets in a major way. So, it's important to be able to answer that question from the first paragraph: are you prepared?

If you're not sure, here's the good news about Summer ending and Fall beginning: it's back-to school season. It's time to study and get serious again, and that means getting serious about your finances — especially if you've taken a break from thinking about them all Summer. That hasn't cost you anything because the markets have cooperated, but that situation could change quickly in the months ahead, and — as we've seen — there are plenty of catalysts to trigger that change. With that in mind, are you still comfortable with your allocation? Has your risk tolerance changed based on what's happening in the markets, the world, or with changes in your own life or to your goals?

These are just a few important questions to make sure you can answer as back-to-school season begins. If you're not sure of the answers, call our office to schedule a portfolio review. The sooner the better, because the last thing you want is to get caught flat-footed if one of these skeletons should tumble out of the closet and send the markets tumbling with it!

[1]"In Florida, the Pandemic is Worse Now Than it Has Ever Been Before," New York Times, Aug. 26, 2021

[1]"It's Time to Pay Close Attention to the Lambda Variant Now Devastating South America," Forbes. Aug. 10, 2021

[2]YCharts.com

Personal Goals

Continued from page 1

structure your savings plan according to your priorities. For example, if your first priority is saving for retirement, you will want to put money away for this before anything else by having a percentage of your paycheck earmarked for a 401(k) plan, IRA, or Roth IRA. Only after this money comes out of your paycheck can you earmark other funds to meet other goals, such as saving for a new car or house.

Get Your Financial House in Order

Two of the most important short-term goals on your list should include creating a budget and specific line items in your budget for savings. Create your budget by identifying all of your monthly expenses and organize them on a spreadsheet or in an online budget tool. In addition to your monthly bills, you should also identify all your other expenses, such as dining out, movies, daily coffee, clothing, prescriptions — basically everything that you spend should be recorded on the budget. You will then be able to see how your expenses compare to your income.

Most financial experts say that your savings line items should be between 10% to 25% of your income and should include specific line items for both short- and long-term goals. If you find saving that much is not doable, you will need to take a long, hard look at your entire financial situation to identify non-essential expenses and ways to improve your savings.

A good first step is to identify the wants versus needs of your budget. What expenses can you reduce? What expenses can you eliminate all together? Think about all of those other expenses on your budget, such as meals out, morning coffee, and those expensive shoes. Also, look at your essential expenses to see what can be reduced. Do you really need a landline phone? Can you reduce the data package on your cell phone? Is there another cable package or provider that could save you money? You should also consider using cash or your debit card instead of a credit card, which will remove the temptation of over-spending.

The next step is to look at all of your debt, including credit cards, student loans, car loans, mortgages, etc. You may want to make one of your short-term goals to eliminate or reduce the balances on your credit cards, since they carry higher interest rates if you are not paying them off on a monthly basis. Other debt, such as a mortgage or a student loan, has lower interest rates and can be paid down while you are saving and investing. All of the expenses you reduce or eliminate can now be put toward the savings portion of your budget.

Make It Automated

Almost all financial institutions offer automated transfers between your checking and savings accounts so you can set-up how much you want to transfer on a monthly basis. You can also set-up an automated savings deposit through your employer so the money is automatically deducted from you paycheck into your savings. Either way, the automation makes it easy and helps reduce the temptation to overspend.

Please call if you'd like to discuss savings strategies in more detail.

Who We Are:

Empowerment Resources International Corp., (A+ Rated and Complaint Free, per the Better Business Bureau), offers Insurance and Investment Advisory Services. ERI is located in the Chicago Mercantile Exchange (CME) Center in Downtown Chicago. Eric K. Williams is the President of ERI and a member of the National Association of Insurance & Financial Advisors (NAIFA). He is a **Qualifying Life Member** with Court of the Table Status in the Million Dollar Round Table, MDRT, the premier association of Financial Professionals®.

What We Do:

At ERI, we Educate, Empower, and Equip individuals and families with knowledge and tools to liberate themselves from this financially broken world system. We provide financial solutions to amass wealth & replicate it. We help mitigate the unnecessary risk and fee structure concealed within Employer-Based and most popular mainstream programs. Our income-based model provides a predictable retirement income stream, independent of market conditions. In addition, we help individuals and businesses Eliminate **ALL** Debt and Self-Finance.

The Problems We Help Solve:

- Average Family Will Pay $155K in Hidden Wall Street Fees, (Frontline - April 2013)
- Real Cost of Owning Mutual Funds is 3.17% - 4.17%, (Forbes Magazine, April 4, 2011)
- As Americans, we are misled to believe that we're paying 3%-5% interest on our mortgages and student loans. However, Amortized interest proves that we're paying 60% - 80%.
- U.S. Census Bureau statistics show that 74¢ out of every dollar coming into the Household goes to Interest & Taxes.
- Total debt for Americans **over age 70** increased 543% from 1999 through 2019. Student Loan borrowers **over age 60** is greater than 2.8 Million

Time: Friend or Foe?

The sooner you start saving, the less you have to put away each month to accumulate the needed funds for retirement. For example, say as a 25-year-old you open an IRA and save $100 a month ($1,200 per year). The IRA earns an average of 6% a year. After 40 years — when you're 65 and ready to retire — your account balance could grow to over $185,000.

But let's say that, instead, you put off saving until you were 45. At the same rate of saving in an IRA with the same returns, by the time you're 65, your IRA balance would be just about $44,000. Starting when you're 45, you'd have to contribute $420 a month to save about $185,000. At least that would be less painful than if you waited until you were 55. Then, to match the end result, you'd have to save $1,175 per month. *(These examples are provided for illustrative purposes only and are not intended to project the performance of a specific investment vehicle.)*

One way that people often try to compensate for getting a late start in saving is to shoot for a higher rate of return. Instead of settling for the 6% a year we used in the example above, why not go for 10%? But there are two problems with that strategy. The first is that stocks don't always provide consistent returns.

Second, to earn higher rates of return, you have to take on more risk. Whenever you absorb a big one-year loss, it takes a higher-than-normal rate of return in following years to break even.

Everyone knows that time is money. Not everyone realizes that time spent not saving can have a significant cost, and that there are only so many ways to make up for it. It's never too late to increase how much you save, but if you feel like you're not where you should be on the road to retirement, the sooner you start putting more money aside — and investing it wisely — the better. Please call if you'd like to discuss this in more detail.

FR2021-0517-0027

30 SOUTH WACKER DRIVE
SUITE 2200
CHICAGO, IL 60606