

September 2022

THE EDUCATED INVESTOR

A GUIDE TO RETIREMENT PLANNING

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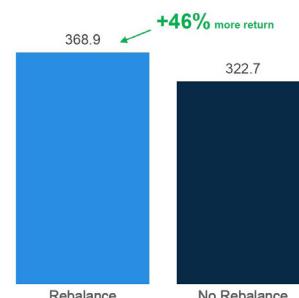
3 Actions to Consider When Volatility Strikes

When volatility strikes and stock markets decline, it can rattle even the most experienced investors. As behavioral science tells us, the pain of an investment loss is felt more keenly than the enjoyment of an investment gain. The urge to soothe the sting of short-term losses can lead to hasty decision-making that could be costly in the long run. Staying invested and focusing on the things you can control may be your best bet during challenging markets. Here are three actions you can consider in the short term to enhance your long-term investment approach.

1. Rebalance

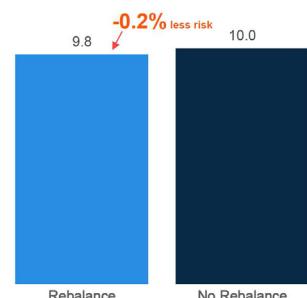
Stocks tend to outperform bonds over the long run which can push a portfolio's stock and bond ranges out of bounds. When markets get choppy, it can be a great time to review your portfolio and see if it needs rebalancing. This is also one of the best tools an investor can use to "buy low and sell high" in a disciplined way without running the risk of trying to time markets. The practice of rebalancing entails trimming portfolio positions that have outperformed and reinvesting the proceeds into areas that have underperformed. In the chart above, we show that over the long term, a portfolio that is rebalanced annually (light blue bar) can experience better performance and maintain risk than a portfolio that is not rebalanced (dark blue bar).

Rebalancing Impact on Return
(Cumulative %)



Source: AssetMark Investment Management. Data from Bloomberg (Global 60/40, 1992-2022). Left chart shows the cumulative return difference over the period for an annually rebalanced portfolio compared to an not rebalanced portfolio.

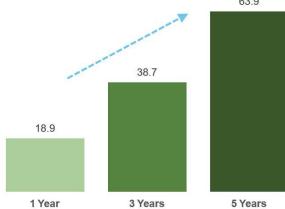
Rebalancing Impact on Risk
(Standard Deviation %)



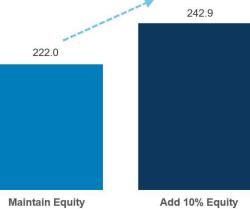
2. Lean in

Opportunities can be found in most market cycles, down markets included. In the chart below (on the left), you can see that returns often rise in the one-year, three-year, and five-year periods following a bear market, particularly if you're not confronting a severe recession such as the 2007-2008 Financial Crisis. Furthermore, leaning in during a drawdown by increasing stock positions may make sense for investors with longer time horizons. In the chart below (on the right), you can see that increasing the stock allocation of a 60/40 portfolio by ten percent can boost returns.

Average Return After a Bear Market
(1949 - 2020)

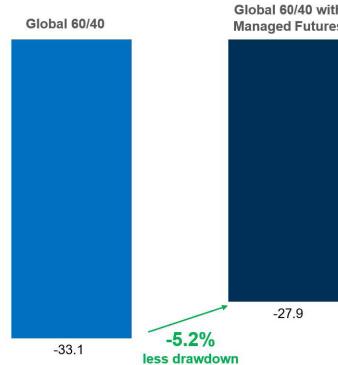


Return Effect of Increasing Stock Allocation 10%
(Cyclical and event-driven recessions only)



Source: AssetMark Investment Management. Left chart: Data from Ibbotson (US equity and fixed income) cumulative returns from 1949-2020. Right chart: Data from Bloomberg. 60/40 portfolio cumulative returns for 20-year period ending 06/30/2022 with 10% equity allocation added in the event of a cyclical recession, held for one year after 20% equity market drawdown.

(Drawdown %)



Source: AssetMark Investment Management. Data from Bloomberg. Global 60/40 over 25 years (ending 06/30/2022). Stocks represented by S&P 500. Bonds represented by Bloomberg US Aggregate. Managed futures represented by Credit Suisse Managed Futures Liquid Index. For illustrative purposes only.

3. Diversify

For investors thinking about pulling out of the market and moving to cash during a market decline, consider shifting to diversifying positions instead. Diversifying positions (or alternative investments) typically have better long-term return expectations than cash and can provide valuable diversification benefits. One such example is managed futures, an equity alternative investment style that can buy and sell stocks, bonds, currencies, and commodities. Unlike traditional stock and bond investments, managed futures can take advantage of negative market trends by selling investments in a variety of different asset classes and providing potential positive returns during declines while improving diversification. Adding alternative investments like managed futures will not eliminate negative returns for portfolios but can potentially reduce losses. For example, in the chart below, adding a 10% allocation to managed futures can lessen the impact of a drawdown by 5.2%.

Portfolio losses are painful for everyone; however, market drawdowns can provide opportunities to strengthen portfolios by rebalancing (all investors), leaning in (aggressive investors or those with longer time horizons), and diversifying (all investors, particularly nervous investors).

IMPORTANT INFORMATION

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Investing involves risk, including the possible loss of principal. Past performance does not guarantee future results. Asset allocation cannot eliminate the risk of fluctuating prices and uncertain returns. There is no guarantee that a diversified portfolio will outperform a non-diversified portfolio. No investment strategy, such as asset allocation, can guarantee a profit or protect against loss. Actual client results will vary based on investment selection, timing, market conditions, and tax situation. It is not possible to invest directly in an index. Indexes are unmanaged, do not incur management fees, costs and expenses and cannot be invested in directly. Index performance assumes the reinvestment of dividends.

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Dreaming of Early Retirement? 4 Ways to Get Ahead in 2022

Key Points

- Early retirement is a matter of maximizing the difference between your income and expenses.
- Becoming more conscious of your spending and savings habits can help get you there.
- Be mindful of one of your biggest expenses.

Is retirement within reach for you? These tips will get you closer.

Early retirement is something to aspire to, whether you're in your 20s or already in your 50s. The freedom from worrying about earning your next paycheck opens the door for you to live life on your own terms. But getting there requires dedicated saving and investing, good financial planning, and maybe a little bit of luck.

If you're dreaming of an early retirement, here are four ways you can get ahead this year.

1. Track your expenses

It's impossible to plan for retirement if you don't know how much your life costs. The start of a new year is a great time to start tracking your expenses. (Although there's never really a bad time.)

You don't necessarily need to budget or cut back on your spending. Just track your expenses for a few months. You can use a spreadsheet or software that links to your bank and credit card accounts to help.

After a while, you'll get an idea of what you spend in a typical month. You might also notice you're spending a lot in some categories, and that the spending doesn't line up with your values. For example, you might be spending a lot on dining out, but you'd rather spend the time to make a good meal at home with your significant other. If you can spot some



inconsistencies, try to consciously align your spending with your values.

Once you have an idea of how much you spend per month and you're optimizing your spending to provide the most happiness in your life, you can have a rough idea of how much you need for retirement. Multiply your annual spending by about 30 to get an idea of how much you need to retire with a reasonable safe withdrawal rate.

2. Boost your savings rate

If you want to retire early, you have to save more than average. Not only will you be relying on your investments to fund your retirement, your retirement is going to be longer than average. That increases how much you need to save.

For those that have more trouble saving, one useful method is to "pay yourself first." One example is using a 401(k) plan, which deducts contributions directly from payroll, so the money never even hits your checking account. You can mimic that mechanism by setting up automatic transfers from your checking account to your brokerage account every month (or however frequently you choose).

Your savings rate is one of the biggest determinants in how early you retire. The person saving half their income will be able to retire sooner than the person saving one-quarter of it, regardless of how much either person makes. That's because retirement is a two-sided coin -- your savings have to cover your spending. If you save more, you spend less, and if you spend less, you need less savings to fund your retirement.



3. Increase your income

There are a few ways to increase your income. You can negotiate a raise at your current job. This may be as simple as asking for one, or you may need to get a competing job offer and bring your best negotiation skills to the table. Another option is to make a lateral move to a new company offering an increase in pay over your current employer.

One of the lower-risk options is to start a side hustle. There are countless opportunities to start generating additional income these days. You can freelance, start a passion project, or do some ridesharing or delivery gigs.

Starting a side hustle also opens the opportunity to use self-employment retirement plans like a solo 401(k) or SEP IRA. These are excellent options for additional tax-advantaged savings and can help you reach retirement even faster.

4. Take control of your taxes

One of your biggest expenses every year is going to be taxes. If you don't make a plan for saving on taxes, you'll pay more than you need to. But you can exercise more control over your tax rate if you also save lots of money. Keeping your tax bill low can save you tens of thousands of dollars over your life span.

The easiest way to lower your tax bill is to save in tax-deferred retirement accounts like a 401(k) or IRA. An HSA may also be an option if you have a qualifying health insurance plan.

Most people interested in retiring early will benefit most from tax-deferred retirement accounts. When you contribute to a tax-deferred account, you're saving on your taxes at your marginal tax bracket. When you withdraw, you'll pay income taxes on the withdrawal, but those will likely be at a lower rate than your current marginal tax rate. What's more, you have more control over your income in retirement, so you can exercise more control over your taxes, too.

Contributing to tax-deferred accounts can also lower your adjusted gross income, allowing you to qualify for tax credits such as the Child Tax Credit, Saver's Credit, or ACA credits.

If you have investments that are showing a loss on paper, you can also tax loss harvest and offset any capital gains you generated that year and up to \$3,000 in other income after that. That can also help lower your AGI.

At its core, retiring early is a matter of increasing the gap between your income and your expenses. Focus on the big picture and the rest will fall into place.

Title: Dreaming of Early Retirement? 4 Ways to Get Ahead in 2022
Source: <https://www.fool.com/investing/2022/01/11/dreaming-of-early-retirement-4-ways-to-get-ahead/>
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What to do in Retirement: 16 Serious (and Fun!) Things to keep you Busy!

#1 Travel in Retirement: Visit the World's Most Sacred Places

If you've always wanted to visit some of the earth's most sacred, mysterious and wonderful spaces, Machu Picchu is a great place to start. Adios Adventure Travel offers trips to this sacred site that is an iconic location of the Inca civilization, and is willing to customize the trip to meet your needs.

Also, you can go on day trips, cruises, travel to new countries, or visit each of the contiguous United states.



#2 Step Out of Your Comfort Zone

Get out and do something that you have never done before. It doesn't have to be something big, nor does it have to be expensive. Go to that new trendy coffee shop, drive to the next town and stroll in a new park, read a racy novel, anything that makes you feel alive and brings you the experience of new things.

Master a foreign language online with a website like Duolingo, for example. Or why not up your computer skills or other skills you have always wanted to learn.

#3 Learn New Hobbies in Retirement

Too numerous to mention all, but some choices are: drawing, painting, ceramics, sculpture, playing the

piano or other musical instrument, singing, knitting, crocheting, needlepoint, quilting, scrapbooking, photography, gardening, cooking, woodworking, genealogy, crafting.

#4 Clean / Declutter

Instead of spring cleaning, do a 'retirement' cleaning and organize, simplify, and declutter your house. This can be a daunting task and often feels overwhelming. Start with a small room and be strict with yourself. Donate items you no longer use – as they say, 'one man's trash is another man's treasure'.

You will definitely feel lighter and freer without all those extra possessions.

#5 Volunteer for as Long as Possible

There are diverse groups of organizations that need volunteers to help with their cause and program activities. You could select a cause that is important to you or go to one of many sites on the internet that will match your skills to organizations needing volunteers, like Volunteer Vacations for example.

Trips range from one to three weeks, and you choose where you want to go and how you want to volunteer. This is a rewarding experience that you can do anywhere in the world, so let's get out there and make a difference!

You can stay close to home and volunteer in animal shelters if you love the company of furry friends. Also, look for volunteer opportunities in food outreach/kitchens or similar groups to help out in your community.

#6 Write! Even if You're the Only One Who Reads Your Work

Finally, there is time to write that book you always wanted to, or to set up and manage a blog, write articles to be published in magazines or elsewhere, poems or your memoirs.

If writing a book sounds a step too far, why not start a gratitude journal! It is a great way to stay mindful and in the moment. It is the place where you can write down your reflections about what's positive in your life and what you are grateful for every day.

#7 Social Organizations

Join meet-up groups that are geared to certain interests or populations. Clubs centered around books, chess, astronomy, or gem and mineral exploration are great opportunities, and so are dating sites.

One of the hardest things about making the transition to retirement is coming to terms with our changing social circumstances. For many of us, our family members were the most important people in our lives for decades. Even if we still live close to our kids and have a good relationship with our grandkids, there is no denying that our social world shifts significantly in our 50s and 60s.

Many women in the community have shared that they had to relearn how to talk to strangers after reaching their 60s. They discovered that they could no longer rely on people coming to them. If they wanted to have a rich social life, they needed to get out into the world and meet people on their own terms.

This could be as simple as having the courage to talk to people in public places – on the bus, while standing in the line at the supermarket, etc. Or it could involve something more formal, such as getting involved in a club or sport.

As kids, we are taught that talking to strangers is dan-

gerous. As older adults, it's time to reset our expectations and give other people a chance. The risk of social isolation and depression is far greater than the risk of being taken advantage of.



#8 Remember Your Family in Retirement

Spend more time with family, grandchildren or great-grandchildren. For the older grandchildren, you could attend school and sporting activities, take them to special events, zoos, museums, and sports games.

You can offer to babysit the younger grandchildren. Help with their education by reading to them, drilling them on upcoming quizzes, help with special projects and tutor where needed.

#9 Find a Sport

Participate in whatever sport interests you, such as fishing, hiking, running, swimming, canoeing, kayaking, surfing or scuba diving. If you are looking for something more gentle, try online yoga classes.

#10 Mentor or Teach

Help schools by tutoring children in reading or math. Teach English to foreign speaking individuals. Help an adult learn to read or if you have special skills developed during your career, mentor young people starting out in the same field.

#11 Re-Engage with Spiritual Activities

Whether you take part in an organized religion or simply follow the voice in your own heart, retirement can be a fantastic time to put things into perspective.

Don't let anyone define your spirituality for you, but don't leave the questions of your heart left unanswered either. Ask yourself tough questions and listen every day for the answers. Why am I really here? How do I want to change the world in the time that I have left here on earth? Do I believe in a greater power and, if so, how do I want to connect with the divine?

The specific answers are not important, but the questions mean everything as we look to bring meaning into our life after 60.

#12 Stay Fit

No matter what anyone tells you, it is absolutely possible to be in amazing shape in your 60s or 70s. I would be lying if I said that fitness after 60 is easy. It isn't. But there are simply too many examples out there of people who have challenged stereotypes and gotten in the best shape of their lives to say that physical decline after 60 is inevitable.

Here are just a few of the many benefits of fitness after 60:

- Getting in shape gives you the energy and confidence to explore the world.
- Exercise is one of the only things you can do to lower your chance of many illnesses.
- Physical exercise is associated with a lower risk of cognitive decline in later life.
- Exercise can improve your physical appearance better than any "anti-aging" pill.

If you are interested in getting back in shape, my advice to you is to start small. Use the one-minute technique to develop good habits. Find physical activities that you can do with others. Get back into nature. Whatever you do, do something!



#13 Take an Interest in Reading in Retirement

For some occasional quiet time, sit down with a good book. You can read for enjoyment or learn something new. Fact or fiction, there are quite literally thousands of books to choose from. For the latest bestsellers check out The New York Times Best Sellers list.

#14 Find a Part-time Job

Even if you don't need the money, sometimes having a little extra spending cash in your pocket lets you buy something you normally wouldn't. Check some of the internet job sites for companies looking for someone to work a few hours a week.

#15 Take Civic Involvement Seriously

Run for a political office in your community or become an activist for a cause you care about.

#16 Create a Bucket List

Write down a list of things you've always wanted to do, but never could because of time, money, courage or whatever. Set a goal to do, and cross one thing off the list once a month.

Title: What to do in retirement: 20 serious (and fun!) Things to keep you busy!
Source: <https://sixtyandme.com/20-serious-and-fun-things-you-can-do-in-retirement/>

Author: Rita Call
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Baked Apple Surprise



INGREDIENTS:

- 2 medium apples
- 2 tablespoons crumbled blue cheese, divided
- 2 tablespoons quick-cooking oats
- 2 tablespoons bran flakes
- 1 tablespoon golden raisins
- 1 tablespoon raisins
- 1 tablespoon brown sugar

INSTRUCTIONS:

1. Cut apples in half lengthwise; remove cores. Place in an ungreased 8-in. square baking dish. Place 1 teaspoon of blue cheese into each half.
2. In a small bowl, combine the oats, bran flakes, golden raisins, raisins and brown sugar; spoon into apples. Top with remaining cheese. Bake, uncovered, at 350° until tender, 35-40 minutes.

Sources: <https://www.tasteofhome.com/recipes/baked-apple-surprise/> Produceforkids.com

What's in Season for September?



Mushrooms



Apples



Raspberries

Avocados	Celery	Okra
Bananas	Corn	Papaya
Beets	Eggplant	Pears
Bell peppers	Grapes	Pomegranates
Blueberries	Green Beans	Potatoes
Bok Choy	Greens	Pumpkin
Broccoli	Leeks	Strawberries
Brussels Sprouts	Lemons/Limes	Sweet Onions
Carrots	Mango	Sweet Potatoes
Cauliflower	Melons	Tomatoes

SERVINGS: 2

PREP TIME: 35 Min



The Sudoku Section

6	7				8			2
				3		2		7
5					7		1	
7	2							
			1					3
		9			3			5
				3		2		8
				8	5			
			7		9	5		1

1								
2	4	8	7	6	9	5	3	1
7								
3	1	6	2	8	5	9	4	
8	5	7	4	3	1	2	6	
9	6	9	8	4	3	7	2	
5								
1	6	9	1	2	7	6	9	3
3	8	5	1	2	7	6	9	4
4	2	3	5	9	6	1	8	
7	2	3	6	9	7	4	8	1
6	3	2	1	3	5	2	4	7
5	9	1	4	9	6	3	5	2
8	7	4	9	1	8	3	6	

The answers



September Special Days & Holidays

(Life Insurance Awareness Month)



- 4th-** Wildlife Day
- 5th-** Labor Day
- 11th-** Patriot Day (9/11 Remembrance) & Grandparents Day
- 15th-21st-** Medicare Week
- 16th-** Working Parents Day
- 21st-** International Day of Peace

- 22nd-** First Day of Fall & Business Women's Day
- 23rd-** Native American Day
- 25th-** Rosh Hashanah Begins
- 26th-** Family Day & National Pancake Day
- 29th-** Coffee Day

Source: <http://www.printmysudoku.com>