

March 2022

# THE EDUCATED INVESTOR

A GUIDE TO RETIREMENT PLANNING

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## Time in vs. Timing the Markets

The stock market is off to a rocky start this year. Higher volatility can be a source of uncertainty for even the most seasoned investors. In this issue we hope to provide some historical perspective on the anatomy of the markets and the impact of moving out of markets during periods of turbulence.



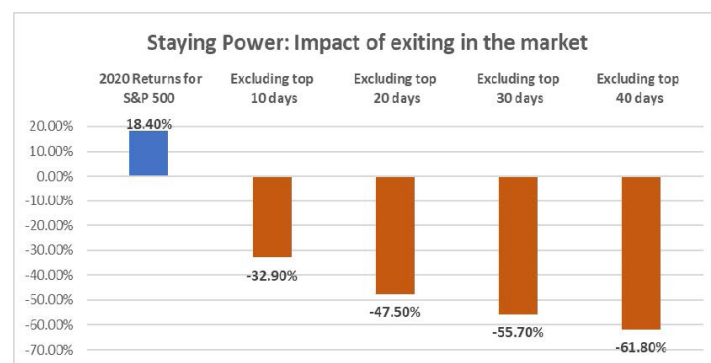
### Volatility is a Feature and Not a Bug in the Market

History tells us that market volatility is a feature of how the market functions and not a bug. Research by Ned Davis on the anatomy of the stock market (Dow Jones Index) highlights the frequency of market declines since 1900<sup>1</sup>. This research found that on average, every year the market suffers three 5% corrections, one 10% correction, and a decline of 20% every three years or more. Market history also suggests that most dips (declines of 5%) in the Dow Jones Industrial Average don't turn into anything serious.

### Time in vs Market Timing

Since market pullbacks are frequent, avoiding just a few of them could potentially add to investment results. However, attempts to avoid pullbacks more often lead to missing out on significant advances. A reason is that market volatility is often clustered with the big moves in the market, both up and down, occurring within days of each other.

As an example, an investor who remained fully invested in the S&P 500 Index during 2020 saw a total return of 18.4%. On the other hand, if an investor sold when the market dropped, not only would they have possibly avoided some of the losses, but they could have also potentially missed the trading days with the greatest gains. Research shows that simply missing the top 10 trading days in 2020 would have led not only to giving up the gains, but an investor would have experienced a loss of 32.9%<sup>2</sup>.



This phenomenon is not isolated to 2020. Over the last fifteen years, a time period which includes the great financial recession, as well as the COVID-driven recession, an investor who remained invested in S&P 500 index would have generated an annualized return of 10.66%<sup>3</sup>. However, simply missing the top 10 days would cut returns by 50% to 5.05% annualized returns. The results become more dramatic when simply missing the top 30 days leads to annualized losses of -1.18%.

### A Key to Long-Term Investing Success

Understandably, the market's normal ups and downs can be stressful. While it's natural to have a reaction to market volatility, it's also important to understand the potential impact of that reaction as well. One of the most common mistakes investors make is to sell their stocks when markets are down, creating realized losses from paper losses, and then being left on the sidelines when markets rebound. The key to long-term

investment success is the decision to be invested and to stay invested.

1 Ned Davis Research: The Anatomy of the Stock Market (DJIA) declines from 1900. Data: 1/02/1900-2/14/2022

2 Charles Schwab: Is there a perfect time to invest? Bah! Humbug! Results are based on daily total returns from 2020, from the first trading day of January 2020 to the last trading day of December 2020.

3 Putnam Investments: Time, not timing, is the best way to capitalize on stock market gains. 12/31/06-12/31/21

#### IMPORTANT INFORMATION

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## A Charitable Trust With Many Benefits for Retirees

You can use a charitable remainder trust to help support causes you love and leave money to heirs in a way that mimics the old "stretch" IRA.



Are you looking for an additional income stream in retirement? Do you want to leave behind something

for charity and cut your tax bill now and when you pass away? If the answer is yes, a charitable remainder trust might be right for you.

A CRT is an irrevocable "split-interest" trust that provides income to you and any designated beneficiaries for a specified number of years (up to 20) or for the rest of your life or a beneficiary's, with the remaining assets donated to charity. Between 5% and 50% of the trust's assets must be distributed at least annually, but 10% or more of the CRT's initial value must eventually go to charity. CRTs can be used as an alternative to "stretch" IRAs, which were eliminated for most people in 2020.

Under the old rules, nonspouse IRA beneficiaries could spread distributions from an inherited account

over their own lifetime and leave the rest of the money to grow tax-free for decades. Now, all funds from an inherited IRA generally must be distributed to nonspouse beneficiaries within 10 years of the IRA owner's death. To get around the new rules, you can name a CRT as your IRA beneficiary and set up the trust to provide income for life to someone other than a spouse.

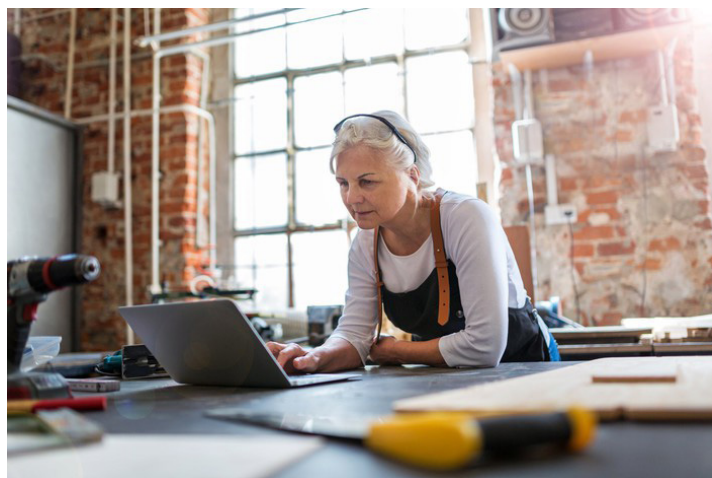
If you're not charitably inclined, don't opt for a CRT. "Charitable remainder trusts are not for everyone."

Title: A Charitable Trust With Many Benefits for Retirees  
Source: <https://www.kiplinger.com/personal-finance/charity/604097/a-charitable-trust-with-many-benefits-for-retirees>  
Author: Rocky Mengle  
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## | 2 Pros and 2 Cons of Working in Retirement

Working in retirement has become more and more prevalent in the U.S. While the percentage of participants in most age groups is declining, there's an ongoing increase in participation by those 75 and older, according to data and forecasts from the Bureau of Labor Statistics.

Some would-be retirees are forced to continue working, as they don't have enough retirement savings to cover the gap between their cost of living and Social Security benefits. But even wealthy Americans may choose to continue working in retirement for various reasons.



**Here are two pros and two cons to working in retirement.**

### **Pro 1: Extra income**

*Who's going to say no to extra money?*

Extra income in retirement can help supplement

retirement savings and social security for those without enough to live the life they want in their 60s, 70s, and 80s. Even for wealthy retirees, some extra income can allow them to hold off on withdrawing from their retirement accounts or have some extra "fun money" so they can enjoy their retirement more.

Extra income in your 60s can help you delay social security benefits until 70, which is likely to generate the greatest total payout over your lifetime and provides insurance against living a long life well into your 90s. If you have a high-paying job, you might increase your overall Social Security benefit, thanks to the higher earned income.

### **Pro 2: Better health**

*Having a job to go to on a regular schedule provides many health benefits.*

A job may require you to get out of bed on a schedule, get out of the house, and get moving. Maybe the job itself isn't physically demanding (or maybe it is), but having a place to be and things to do with your day require you to be more active than relaxing at home or with friends.

The mental health benefits may be even greater. A job provides mental stimulation and social interaction, which keeps your brain sharp.

Studies have shown that people who work at least part-time in a "bridge job" between their main career



and full retirement experience fewer major diseases and functional limitations than those who are fully retired. That said, it may be that those who developed major diseases and limitations were simply unable to keep working. Regardless, the evidence suggests that working, if you're able, is good for your health.



### Con 1: The impact on Social Security benefits

If you're counting on both Social Security benefits and work to support your cost of living in your early-to-mid 60s, you might have to work more than you initially thought. That's because the Social Security Administration will reduce your benefits (temporarily) if your income exceeds a certain threshold.

Specifically, if you're under your full retirement age (FRA) for all of 2022, you will see a \$1 reduction in your benefits for each \$2 you make above \$19,560. If you were born before Sept. 1, 1956, your benefits would be reduced by \$1 for every \$3 above \$19,560 income in 2022.

You'll get those benefits back after you reach your FRA. But it may mean you have to earn more at your job from age 62 onward to bridge the gap between your Social Security payments and your cost of living.

### Con 2: Taxes

Extra income in retirement sounds great, but the effective tax rate on that income can make it almost not worthwhile. This may be a bigger problem for retirees in their 70s who are collecting Social Security benefits, making required minimum distributions, and potentially selling investments in a taxable brokerage account.

The Social Security Administration uses a "combined income" metric to determine how much of your Social Security income is taxed. Combined income equals your adjusted gross income plus half your Social Security benefits plus any non-taxable interest. Above a certain threshold, 50% of your Social Security benefits are taxed, and a slightly higher threshold makes them 85% taxable. That means at a certain point, each \$1 you earn from a job could generate \$1.85 in taxable income.

The problem is exacerbated if you must also take required minimum distributions, which count toward your income.

Additionally, you may miss out on the 0% long-term capital gains tax rate if your income rises above that threshold, resulting in even more taxes paid on just \$1 of additional income.

While you won't pay more in taxes than your additional income from working, you may need to be more mindful of your tax planning when you have a job in retirement.

Overall, however, the positives of working in retirement far outweigh any of the negatives. So, if you have the desire to keep working and you're in a position to do so, you may want to pursue work.

Title: 2 Pros and 2 Cons of Working in Retirement  
Author: Adam Levy  
Source: <https://www.nasdaq.com/articles/2-pros-and-2-cons-of-working-in-retirement-0>  
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# | Foods that Support Brain Function and Memory

You can lower your “brain age” by eating the right foods. In fact, there’s a specific diet for it.

It’s called the “Mediterranean-DASH Diet Intervention for Neurodegenerative Delay” diet, or MIND diet for short. As its name implies, it’s a hybrid of the Mediterranean diet and the DASH (Dietary Approaches to Stop Hypertension) diet, both of which have been shown to reduce Alzheimer’s disease in people who strictly adhere to them.

In a study published in the journal *Alzheimer's & Dementia*, researchers from Rush University Medical Center, in Chicago, IL, showed that the MIND diet lowered Alzheimer’s risk by about one-third (35%) in participants who followed it moderately well and by more than half (53%) in those who stuck to the diet rigorously.

The more brain-healthy foods that participants ate, the higher they scored. By the end of the study, people who scored the highest had slowed their rate of cognitive decline by the equivalent of 7.5 years compared with those who scored the lowest.

Would you like to make your brain more youthful, too? Eat the 10 best brain-healthy foods, according to the MIND diet:

## Green leafy vegetables

Of all the brain-healthy food groups, green leafy vegetables provide the greatest protection from cognitive decline. Some good choices include kale, collard greens, and spinach. They’re rich sources of nutrients—like folate, vitamin E, carotenoids, and flavonoids—that have been linked to lower risk of dementia and cognitive decline. Have one serving of greens or a mixed salad every day.



## Other vegetables

In addition to a green leafy vegetable, eat at least one serving of another vegetable every day. According to MIND diet researchers, there’s a range of veggies and veggie dishes to choose from, including green or red peppers, squash, cooked or raw carrots, broccoli, celery, potatoes, peas, lima beans, tomatoes, tomato sauce, string beans, beets, corn, zucchini, summer squash, eggplant—even coleslaw and potato salad.

## Nuts

Besides their anti-inflammatory, anti-carcinogenic, and cardiovascular benefits, nuts may promote brain health due to their high flavonoid content. Walnuts, in particular, have more polyphenols than any other nut. At least one randomized clinical trial has indicated that high walnut consumption in an at-risk elderly population may delay cognitive decline. The MIND diet calls for eating nuts as a snack on most days of the week.

## Berries

Although fruits in general haven’t shown a protective benefit in studies of cognitive decline or dementia, berries in particular have demonstrated improved

memory and learning in animal models, as well as a 2.5-year delay in cognitive decline in the Nurses' Health Study. "Higher intake of flavonoids, particularly from berries, appears to reduce rates of cognitive decline in older adults," the authors of the latter study concluded, pointing to blueberries and strawberries especially. Eat berries at least twice a week for the best brain benefit.



### Beans

Beans (including other legumes, like lentils and soybeans) are another food staple that's good for brain health. High consumption of legumes (three or more servings per week) has been associated with increased cognitive performance, with the highest concentration of folate of any food. The MIND diet recommends eating beans every other day or so.

### Whole grains

Whole grains provide a sustained, stable flow of energy (in the form of blood glucose) to the brain. Whole grains are also a rich source of vitamin E—which has been demonstrated to provide neuroprotective properties to the brain—as well as antioxidants, B vitamins, minerals, phytochemicals, healthy fats, and fiber. Eat three servings of whole grains each day.

### Fish

"Fish are a rich source of long-chain n-3 fatty acids, which have been shown to reduce A $\beta$  [amyloid-beta] formation and oxidative damage, and to increase synaptic proteins and dendritic spine density," according to the authors of the Alzheimer's & Dementia study. Specifically, studies have demonstrated that eating one fish meal a week is linked to slower cognitive decline, without much additional benefit to eating more fish per week. So, that's all that's recommended—one serving of fish per week. But that serving shouldn't be batter-dipped fish sticks or fried fish; it means fresh fish.

### Poultry

"Winner, winner, chicken dinner!" Poultry is a good source of lean protein and, as research has shown, a high-protein diet may be protective against A $\beta$  in the brains of older adults before memory loss sets in. The researchers suggest eating chicken or turkey at least twice a week as a main dish or a sandwich. (Sorry, kids, fried chicken and chicken nuggets don't count.)

### Olive oil

Consuming olive oil has been independently linked to better cognitive function in older people on a Mediterranean diet. Similarly, a Mediterranean diet featuring olive oil (or nuts) improved cognition scores better than a low-fat diet. To qualify as part of the MIND diet, olive oil should be used as the main source of oil in the kitchen.

Title: Foods that fight memory loss

Author: John Murphy

Source: <https://www.mdlinx.com/article/foods-that-fight-memory-loss/7dG54tRK-BRDGLfbTuKPLL>

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# Spinach Berry Salad & Poppy Seed Dressing



## What's in Season for March?



**Asparagus**



**Pineapple**



**Artichokes**

Apples  
Avocados  
Bananas  
Beets  
Bok Choy  
Broccoli  
Brussels Sprouts  
Cabbage  
Carrots

Cauliflower  
Celery  
Citrus  
Greens  
Kiwi  
Leeks  
Lemons/Limes  
Mango  
Mushrooms

Parsnips  
Pears  
Potatoes  
Rutabagas  
Strawberries (FL)  
Sweet Onions  
Turnips

## INGREDIENTS:

- 8 cups Baby Spinach Leaves
- 1 cup Strawberries sliced
- 6 ounces Blueberries
- 6 ounces Raspberries
- 4 ounces Feta Cheese
- 1/4 Red Onion thinly sliced
- 1 cup Sliced Almonds

## Poppy Seed Dressing:

- 1 cup Oil
- 1/3 cup Vinegar white, apple cider, or raspberry
- 1/2 cup Sugar
- 1 teaspoon Poppy Seeds
- 1 teaspoon Dried Mustard
- 1 teaspoon Salt

**SERVINGS: 8**

**Prep Time: 15 Minutes**

## INSTRUCTIONS:

1. To make dressing: in a bowl or jar, add oil, vinegar, sugar, poppy seeds, dried mustard, and salt. Shake well. Refrigerate until ready to use.
2. Place spinach in a large salad bowl. Top with sliced strawberries, blueberries, raspberries, feta cheese, red onion, and almonds.
3. Drizzle with poppyseed dressing.

Sources: <https://www.modernhoney.com/spinach-berry-salad-with-sweet-poppy-seed-dressing/>; Produceforkids.com



## The Sudoku Section



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

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

The answers



## March Special Days & Holidays

(Women's History Month)

**1st-** Peanut Butter Lovers

& Mardi Gras

**2nd-** Ash Wednesday

**4th-** Employee Appreciation Day

**8th-** International Women's Day

**13th-** Good Samaritan Day

& Daylight Savings Time Begins

**15th-** March Madness Begins

**17th-** St. Patrick's Day

**19th-** Client's Day

& Certified Nurses Day

**20th-** First Day of Spring

**23rd-** Native American Day

**26th-** National Pancake Day



Source: [www.printmysudoku.com](http://www.printmysudoku.com)