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THE EDUCATED INVESTOR

A GUIDE TO RETIREMENT PLANNING

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5 Ways to Recession-Proof your Money Right Now

Whether or not a recession happens is not within your control — so obsessing over macroeconomic trends or trying to predict what happens next for the US or global economy isn't a great use of your time or energy.

That doesn't mean you shouldn't care about these things. But if you want to recession-proof your finances, then you need to focus on what you can directly influence. When it comes to your money, the most immediate thing you have the most control over is your cash flow.

1. Manage your spending wisely, starting now

Cash flow is money coming in and money going out. The "going out" part is probably the easiest, fastest thing to influence.

Try building a worst-case scenario budget before you find yourself in a worst-case scenario. Take a look at your current expenses, and see what you could immediately cut. This is likely going to be things like entertainment, restaurants, luxury purchases, and other shopping.

Then go a level deeper: What might you not be able to eliminate entirely, but could easily spend less on? That might be groceries, home supplies, or things like



transportation or fitness (if you switched from driving to biking, for example, or exchanged your exclusive and expensive gym membership for a cheaper option).

This slimmed-down budget can be the first thing you deploy if you feel nervous about a recession. And remember, recessions are usually officially declared after they've started (or even a year after they happened, as was the case with the two-month recession in March and April of 2020...which wasn't declared a recession until July 2021!).

Given that, it's worth testing out your worst-case scenario spending plan before you're forced into doing so. If you spend less now, that also frees up more cash flow for you to direct toward savings and investments — another great way to recession-proof your personal finances.

2. Boost your earnings, then your savings, while you can

Evaluating your spending to understand what you can drop from or temporarily stop putting into your budget is a critical step in managing your cash flow. But don't forget that you can exert some control over the money-coming-in side of things, too.

There are a number of ways you can increase your income. The right path for you will depend on your situation, your skills, and your interests, but here are a few suggestions to consider:

- Ask for extra shifts or overtime hours
- Look for part-time positions you can take on in addition to your current obligations
- Explore freelancing or consulting on the side
- Take on more responsibilities or projects at work, and use that as leverage to help negotiate higher pay (or consider taking your skills elsewhere while companies are still hiring)
- Start your own business — but remove some of the risk by a) not borrowing money to do so, b) keeping your current job while you launch, or c) both!

And whether you increase your income or reduce your spending (or both), you'll have additional cash flow available each month. You can use that extra money to:

- Pad your emergency fund, especially if you feel concerned about a recession and potentially losing your job
- Increase contributions to your retirement accounts to build long-term financial stability
- Add to your investment portfolio outside of retirement; for example, you could open and fund a brokerage account (or increase the amount you invest each month if you already have a portfolio outside your retirement savings)



3. Keep investing

Dollar-cost averaging is a great strategy for long-term investors to use when contributing money to the market. When you dollar-cost average, you put in the same amount of money on a regular, predictable schedule no matter what.

To recession-proof your finances (and investment portfolio), you need to continue to invest even though the market is dropping. In fact, especially when the market falls!

You're not actually dollar-cost averaging when you stop your contributions every time you feel uncertain about the economic future. Instead, you're falling victim to one of the biggest mistakes investors can make: buying high.

If you only invest when the market is going up, times are good, and everyone feels confident, you're buying at increasingly higher prices. And if you don't keep investing when the market falls, then you never take advantage of the lower prices the market offers.

It can feel scary to push your hard-earned cash into the stock market when the value of your investments is dropping, but wise long-term investors know that corrections, bear markets, and recessions are actually opportunities to buy assets at lower prices.

4. Review your skills and refresh them as needed

Most people fear recessions because they increase the risk that you'll lose your job and therefore your much-needed income. You can help recession-proof your finances by ensuring that even in a tight labor market, you remain a vital resource.

Review your skills and knowledge and compare that with the current market to see where you might be able to fill a need, or to understand what you might need to catch up on to stay relevant for open positions.



This applies if you're self-employed, too. Do you need to brush up on the latest trends in your field? Are there any training or education opportunities available, or certain clients or projects you can take on now to expand your experience?

Like everything else on this list, the time to take action here is now — before the economy drastically cools and companies back away from making new hires. If you can increase your value now, that will help you retain your current position while businesses weather the storm of a potential recession.

5. Avoid rash (or expensive!) financial decisions

Now is not the time to make crazy leaps into the unknown with your money, or to take uncalculated, unnecessary risks.

This is especially true for any financial decision that is going to tie up a lot of your cash flow, limit your liquidity, or set a very high fixed cost in your budget.

If you can hold off on very large financial decisions that might put you in a precarious situation, delay those. In the meantime, you can work on building up your savings and increasing your assets through investment contributions.

That allows you to be in a stronger financial position in the future, regardless of what the economy does or doesn't do in the near term. It may also help make it easier to navigate through an economically difficult time by leaving both you and your budget more adaptable and flexible.

Ultimately, one of the best ways to recession-proof your finances is to keep perspective. Don't make a short-term decision on what should be a long-term play — and remember that recessions themselves are short-term.

They are tough to go through in the moment, but they don't last forever. Economic trends tend to be cyclical, so lean times are typically followed by periods of growth.

Whether or not we're in for a recession in the near future, staying focused on the big picture and being proactive are two key ways to safely navigate whatever comes our way.

Title: 5 ways to recession-proof your money right now, according to a financial planner

Source: <https://www.businessinsider.com/personal-finance/recession-proof-finance-right-now-2022-6>

Author: Eric Roberge

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Bear Essentials: A Historical Guide

A bear market occurs when stocks fall 20 percent from a recent high. On Monday, June 13, 2022, the S&P 500 fell 22 percent from the last high set on January 3, 2022, thus officially entering a bear market in 2022.¹ Similarly, a bull market begins when the market gains 20 percent from market lows.

While no two bear markets are alike, in this edition we review the history of bear markets to understand the potential good and bad news for investors once the market has crossed the dreaded threshold.

Bear markets are normal and par for the course when investing. Since 1929, there have been 26 bear markets in the S&P 500 index.² The average decline across these 26 bear markets has been almost 36 percent.³ Using historical averages as a guide, investors may glean the pain isn't necessarily over yet. However, averages are skewed by the worst bear markets, and not all bear markets are created equal.



The most painful bear markets are often associated with an economic recession. However, bear markets and recessions do not always coincide. Since 1929, of the 26 bear markets, only 15 were tied with recessions.⁴ Research by Ned Davis using the Dow Jones Industrial Average (DJIA) from 1900 through the present shows bear markets

associated with recessions had an average decline of nearly 35 percent while bear markets without a recession experienced an average loss of 25 percent.⁵ While bear markets often go hand-in-hand with a slowing economy, a recession as a result of a bear market is not necessarily a foregone conclusion.



Bear markets have been short-lived. Since 1929, the average length of a bear market in the S&P 500 index is 289 days or about 9.6 months.⁶ Once again, the averages are skewed by the worst bear markets. According to Ned Davis' research, bear markets associated with recessions lasted 353 days while bear markets without a recession lasted 206 days.⁷

Bear markets, while short-lived in comparison to bull markets, feel longer due to loss aversion. Loss aversion--a behavioral finance term--tells us losses hurt twice as much as gains feel good. It is true bear markets are violent and can happen quickly, while bull markets happen over time and build wealth slowly. Despite the bear market stigma, markets are positive the majority of the time. Since 1929, we have had 92 years of market history. Bear markets have comprised only 20.6 years of that 92-year period. In other words, stock markets generate gains 78 percent of the time.⁸

Finally, investors considering selling before compounding additional losses and waiting for the all-clear signal should know half of the S&P 500 index's strongest days in the last 20

years occurred during a bear market. Another 34 percent of the best days occurred shortly after the end of the bear market.⁹ While the time to recovery varies, the S&P 500 has come back from every one of its prior bear markets to eventually rise to another all-time high. Investors with long-term goals may want to consider staying invested, since it is difficult to predict when markets will rebound.

1 FactSet

2 Seeking Alpha: The complete history of bear markets

3 Seeking Alpha: The complete history of bear markets

4 NBER, Seeking Alpha: The complete history of bear markets

5 Ned Davis Research: A History of Bear Markets II: Dow Jones Industrial Average (1900-6/13/2022)

6 Seeking Alpha: The complete history of bear markets

7 Ned Davis Research: A History of Bear Markets II: Dow Jones Industrial Average (1900-6/13/2022)

8 Hartford Funds: 10 Things to know about Bear Markets

9 Hartford Funds: 10 Things to know about Bear Markets

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The Worst Years for US Stocks

Stock market losses occur for various reasons. Sometimes they are driven by excessive market valuations after an extended bull market. In others, they may be due to external events, such as a war or a pandemic. A look back at the worst years for US stocks provides perspective on how long a selloff can last and shows that even the worst years come to an end.



The bad news:

- From 1928 - 2021, the S&P 500 had 25 negative yearsⁱ. In other words, 73% of the time stocks had positive returns.

- Of the 25 negative years since 1928, 11 of those were double-digit losses and mark the worst yearsⁱⁱ.
- While rare, there have been eight times since 1928 of two consecutive years of negative returns. Rarer still, there have been three instances of three consecutive years of negative returns and only once, during the Great Depression, when stocks fell four years in a rowⁱⁱⁱ.

The good news:

- The longer-term returns after the worst years have historically been strong. Historically, after the worst years, the average three-year historical return was +35%, while the average five-year return was 80%^{iv}.
- While the results of the one-year period following the worst years are mixed, there was only one three-year period during the Great Depression with negative returns.
- Looking further out, every five-year period return following one of these worst years, saw positive returns.

The Worst Years Ever For the U.S. Stock Market

Year	S&P 500	Reason	Next Year	3 Years	5 Years
1931	-43.8%	Great Depression	-8.6%	35.4%	162.1%
2008	-36.6%	Great Financial Crisis	25.9%	47.6%	126.1%
1937	-35.3%	1937 Crash	29.3%	14.2%	18.7%
1974	-25.9%	1973-74 Bear Market	37.0%	57.8%	99.2%
1930	-25.1%	Great Depression	-43.8%	-23.0%	11.6%
2002	-22.0%	Dot-Com Crash	28.4%	49.0%	81.7%
1973	-14.3%	1973-74 Bear Market	-25.9%	25.7%	24.5%
1941	-12.8%	WWII	19.2%	77.4%	120.6%
2001	-11.9%	Dot-Com Crash	-22.0%	10.9%	34.4%
1940	-10.7%	WWII	-12.8%	30.0%	110.2%
1957	-10.5%	1957-58 Recession	43.7%	61.6%	86.6%

Source: Ben Carlson, A Wealth of Common Sense

Even after the worst years for stock markets, the markets have always bounced back. Investors who remain disciplined in a negative market are likely to avoid common pitfalls and potentially enjoy better times ahead. Historically, the longer you stay invested, the greater the possibility of meeting your long-term goals.

i FactSet

ii <https://awealthofcommonsense.com/2022/05/the-worst-years-ever-in-the-stock-market/>

iii FactSet

iv <https://awealthofcommonsense.com/2022/05/the-worst-years-ever-in-the-stock-market/>

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July Special Days & Holidays

(Independent Retailer Month)

1st- Financial Freedom Day

& Postal Worker Day

3rd- Int'l Plastic Bag Free Day

4th- Independence Day

11th- All American Pet Photo Day

17th- Global Hug your Kids Day

& World Emoji Day

18th- Mandela Day

19th- Insurance Nerd Day

24th- Cousins' Day

& Parents' Day

28th- World Nature Conservation

30th- Cheesecake Day

Fourth of July Fruit Kabobs



What's in Season for July?



Tomatoes



Stone Fruit



Bell Peppers

Avocados

Bananas

Beets

Blackberries

Blueberries

Bok Choy

Broccoli

Carrots

Cauliflower

Celery

Cherries

Corn

Cucumbers

Eggplant

Grapes

Green Beans

Greens

Leeks

Lemons/Limes

Mango

Melons

Mushrooms

Okra

Papaya

Peas

Pineapple

Potatoes

Raspberries

Strawberries

Summer Squash

Vidalia Onions

Zucchini

INGREDIENTS:

- 12 medium length wooden kabob sticks (approximately 6-8 inches long)
- 12 strawberries, halved lengthwise or 24 raspberries
- 48 blueberries or 24 blackberries
- Your Choice of: 24 banana slices (about 1/2 inch thick), 24 regular marshmallows, 24 1-inch chunks of angel food cake, 24 1-inch chunks of cheesecake

SERVINGS: 12

PREP TIME: 10 Min

INSTRUCTIONS:

1. Thread a strawberry half or a raspberry onto the bottom of each kabob. Follow with your choice of white fruit or extra (banana, marshmallow or cake). Next thread on two blueberries or one blackberry. Repeat to the end of the kabob.
2. Serve immediately or cover in plastic wrap and store in the fridge until ready to serve (up to 12 hours for best freshness and flavor).

Sources: <https://www.familyfoodonthetable.com/4th-of-july-fruit-kabobs/>; [Producforkids.com](https://www.producforkids.com)



The Sudoku Section



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

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

The answers



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