



Wealth Care LLC September 2021 Commentary

Investment Thoughts-Why We Like Stocks



Data from 1/15/1947 – 5/15/2021. Source: Bureau of Labor Statistics, Morningstar, Ken French Data Library, and Avantis Investors. Past performance is no guarantee of future results. Investing involves risk, including the possible loss of principal. It is not possible to invest directly in an index.

Here is \$1 over time (and adjusted for inflation). Savers lose, investors win. You have to learn to invest or you will end up worse off over time.-A Pompliano



Eviction Control and Real Estate Investments

The Pandemic has resulted in harming three broad types of real estate investments.

First, large city business rentals are cratering as people continue to work remotely. Office space in cities like NYC and San Francisco are at all time high on vacancies and with decreasing rental prices. Many large companies nationally have decided to allow remote work well into the future.

Second, retail continues to suffer as our habits of ordering online just accelerated during the pandemic.

Third, residential real estate has been harmed by the pandemic due to the eviction “protection” from the government. Disturbingly, these orders were issued by an agency (CDC) and not the President or Congress. The order was just renewed and we have thousands if not hundreds of thousands of landlords paying their expenses but collecting no rents. However, just this week, the Supreme Court ruled the order was illegal-but only due to it being directed by an agency and not Congress. The precedent might be set therefore for future legislation with similar consequences.

A fair program would have the government pay the rent for those financially hurt by the virus, but instead the order allows blanket nonpayment for no reason at all. This should damage the future of residential (single home and multifamily) rental real estate as an investment for a long time to come. I'd expect that we'll begin to see some REITS that invest in this sector suffer soon.

Affordable Housing

Due to very low borrowing costs, the average house in inflation adjusted dollars is more affordable today than almost anytime in the last 35 years.



Date	Mortgage*	Mortgage Rate**	P&I***	In 2021 Dollars****
Today	\$337,410	2.77	\$1,381	\$1,381
2020	\$290,340	3.16	\$1,249	\$1,311
2015	\$260,190	3.98	\$1,239	\$1,420
2010	\$197,550	4.74	\$1,029	\$1,282
2005	\$210,330	5.58	\$1,205	\$1,676
2000	\$146,880	8.29	\$1,108	\$1,748
1995	\$120,510	7.57	\$848	\$1,512
1990	\$114,120	10.16	\$1,015	\$2,110
1985	\$75,870	12.22	\$793	\$2,002
1980	\$57,600	12.71	\$624	\$2,058
1975	\$35,100	8.89	\$280	\$1,414

* Median 2nd Quarter Home Price as reported by the Fed minus 10% assumed down payment

** 30-Year fixed mortgage rate for June as reported by Freddie Mac

*** Principal & Interest Payment

**** Inflation calculator used to determine payment in 2021 dollars

Compared to Today:

■ Less Expensive
■ More Expensive

Fed, Freddie Mac

Ouch for Gold

Look at this comparison of stock returns vs the price of gold for the last decade. Somewhat amazing considering the strong possibility of significant inflation now.



- SPDR® Gold Shares Total Return Price % Change
- SPDR® S&P 500 ETF Trust Total Return Price % Change



Aug 09 2021, 1:06PM EDT. Powered by YCHARTS

Inflation?

www.WealthCareLLC.com | F. 815.301.3777

Steven Podnos MD, MBA, CFP® P. 321.543.1099 E. Steven@wealthcarellc.com • Rachel Podnos J.D., CFP® P. 321-505-7592 E.

Rachel@wealthcarellc.com

Lauren Podnos, CFP® P. 321-537-7502 E. Lauren@wealthcarellc.com



Miscellaneous

Should young people pick individual stocks?

The very best way to learn about the dangers of individual stock investing is to familiarize yourself with the basics of finance and the empirical literature. But if you can't do that, then, sure, what you have to do is put 5% or 10% of your money into individual stocks. And make sure you rigorously calculate your return, your annualized return, and then ask yourself, "Could I have done better just by buying a total stock market index fund?" And pray that you don't get really lucky, because if you get really lucky, you may convince yourself that you're the next

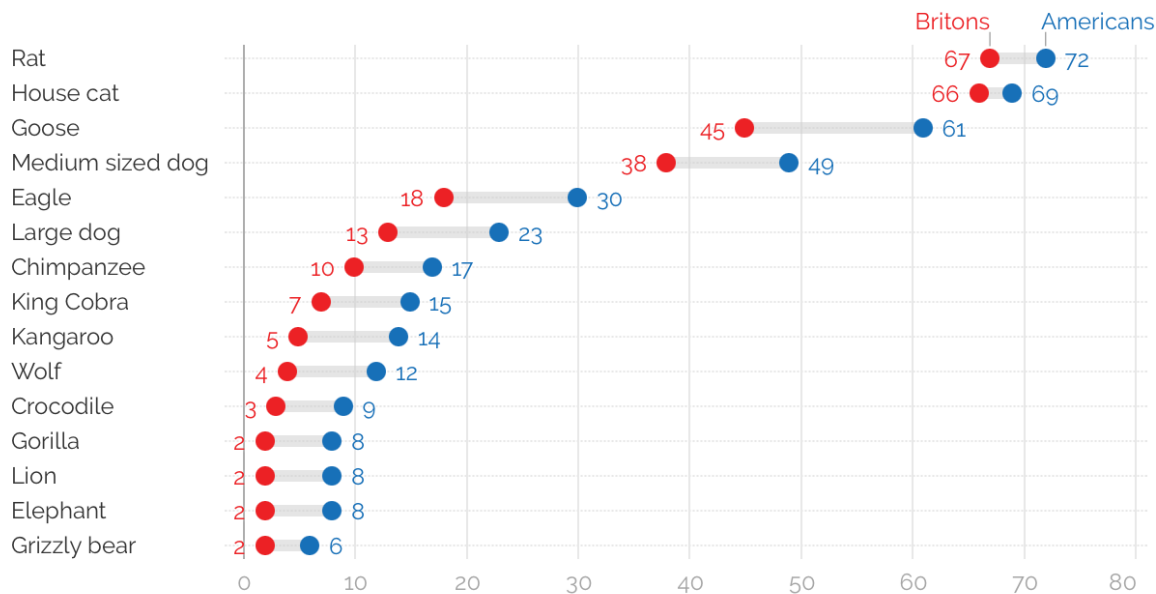


Warren Buffett, and then you'll have your head handed to you when you're dealing with much larger amounts later on.-William Bernstein

American Confidence

Americans are more confident than Britons that they could beat any animal in a fight

Which of the following animals, if any, do you think you could beat in a fight if you were unarmed?
% of 2,082 GB adults





Mesmerizing Piano

<https://www.youtube.com/watch?v=kFRdoYfZYUY>

Who Pays Taxes?

Here is the answer to who pays their fair share of taxes. In 2020, 61% of taxpayers paid ZERO. The top 1% paid 28% of all income tax. The top 20% paid 78%. 43% of middle income people paid ZERO. 20% of households paid zero payroll tax.

Random Notes

“Mental health is a function of choice. The more choices we are able to exercise, the happier we are likely to be. Those who are most unwell or discouraged suffer from a sense that their choices have been limited, sometimes by external circumstances or illness, most often by the many ways we restrict ourselves. -Gordon Livingston



99% of Building Health:

Exercise More



Eat Better



Sleep



99% of Building Wealth:

Save More




Invest Better



Wait



 @brianferoldi



“Grandpa, can you tell us what it was like when stocks went down?”



Well done video on how the immune system works (ten minutes)

<https://www.youtube.com/watch?v=IXfEK8G8CUI>

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Lauren Podnos, CFP® P. 321-537-7502 E. Lauren@wealthcarellc.com

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Investing in stocks is short-term risky Not investing in stocks is long-term risky-Brian Feroldi

September 1, 2021 from the Wealth Care LLC Team

www.WealthCareLLC.com | F. 815.301.3777

Steven Podnos MD, MBA, CFP® P. 321.543.1099 E. Steven@wealthcarellc.com • Rachel Podnos J.D., CFP® P. 321-505-7592 E.

Rachel@wealthcarellc.com

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