Market Update Q2 2021: What Could Slow Down Our Recovery from COVID?

Welcome to Keen on Retirement
With Bill Keen and Steve Sanduski

Steve Sanduski: Hello everybody. And welcome back to keen on retirement. I'm your cohost, Steve Sanduski and with me as always bill keen and Matt Wilson. Gentlemen, how are you doing?

Bill Keen: Well, we're doing good today, Steve.

Steve Sanduski: Yeah, well, must say I'm shocked Bill and Matt.

Bill Keen: Oh no.

Steve Sanduski: I'm looking at you guys on the screen here, and usually you guys are wearing suits and ties, but your attire is different today. What's going on there in Kansas City.

Bill Keen: Okay, well, you notice Steve you know, I'm pretty stickler on my dress code I think that's important. But this week our firm in waves, because we can't have everybody gone at the same time, of course, from the office, but we are. Volunteering our time and some resources to an organization here in Kansas City called harvesters and harvesters just does a fabulous job at processing food that comes into them and goes out to a myriad of different places, food pantries, and many other places on a daily basis.

And our team got behind that. And the short you're seen here. So as keen wealth advisors volunteer on the front with a nice little logo and on the back, it says happy, which tag keen wealth cares. and one of our team members here, Haley came up with this design. And so we all had our shirts on today and Matt and I, and some of the team this morning, we actually processed 2,500 pounds of carrots.

Steve. Yeah. Yes. And we were told that in the timeframe that we were there, most folks only process 2000 pounds. So we were able to shore on it. Yeah, we were on it sort through these discard of the ones that weren't acceptable to be, to be repackaged, repackage them, put them in a crate that then a forklift came and as we were finishing packaging, they were forklifting these off to trucks to be delivered out.

And, and honored do it. And, and I, I figured that gave me the, the permission. To wear my t-shirt at work today.

Steve Sanduski: Yeah, you earned it. Yeah. Well, just, you know, nice job for all the, the work that you guys do, not just for your clients on the financial services side, but you guys are certainly very active in the communities. So appreciate the work that you guys are doing there and, yeah, so we've got another great episode lined up here today. So we're going to be talking about the financial markets. And so we've had a pretty good start to the year here. And as we're having our conversation today, we're in the month of may in the first four months of the year have been pretty good. So, Matt, I think you're going to take the lead here today and give us a little update on what's going on in the markets, what went well and what we might want to perhaps be a little concerned about at some point.

Matt Wilson: As you said, Steve markets have been on a, you know, a terror recently. It's, it's just been phenomenal. What we've seen one post coming out of COVID last year, but it's continued on through the first half of this year, or almost the first half of this year, first few months. And really our view is that we're going to see a pretty strong market through the end of the year.

Now, given all that, that does not mean it goes in just a straight line. it could happen, but again, we want people to be ready for pullbacks when they happen. But you know, the big reasons that the market continues to go higher is one. We do have a lot of support from the federal government.

You know, they have passed several uh, stimulus packages, bridging that gap. Until COVID is behind us, which we are getting closer and closer to that happening.

Bill Keen: You would say unprecedented packages. I mean, can we say that?

Matt Wilson: Oh, I mean, they're the highest they've ever been. So I would say I'm precedent.

Bill Keen: Sometimes things are inflation adjusted, so the numbers seem bigger or so forth, but they truly inflation adjusted and everything. These are unprecedented stimulus packages that we've seen and that are. More than likely going to

Matt Wilson: continue to see, yeah. To put it into context. This, and this is just on the government side.

So what the federal government has done, not the federal reserve. I mean, we're approaching $5 trillion in stimulus in 2008, 2009, it was not even 1 trillion. Yes. Is that five times as large? I mean, huge amounts of money. So that is unprecedented. Yes. And, here's the other thing I will say, the ones in the future will probably be the largest at the time in the future because the economy gets bigger.

Everything gets bigger. The numbers always get bigger. The other thing, though, that has continued to help this market move hires. We have massive fed accommodation. So again, that is what the federal reserve is doing through the quantitative easing programs. They're providing liquidity to the market.

And they're also keeping interest rates down, which again, the market enjoys that the vaccine has continued to roll out.

I mean, very strong numbers when it comes to COVID in the sense that it's going away, you know, I've, I saw some recent data that we've got about 43% of the population. Has it received at least one dose 27% has been fully vaccinated. You know, those numbers are probably a little bit higher today because again, more and more people are receiving more doses and getting fully vaccinated.

And when we put that into context, I mean, I've seen some suggestions that herd immunity is around 60 to 80%. If you factor in the people who may have already had it and didn't get diagnosed with it, CDC said they believe only one out of every four cases or so was actually reported. So that means four times there's three more people for every one that had it that actually did have it.

So you add that in to the people that already have kind of the natural antibodies plus the vaccine. We're actually probably much closer to herd immunity than I think most people think. Sure. you know, the other things that we're seeing come through is we have. policy changes, but I wouldn't say they're big and or surprises to the, so we'll talk about that.

Dig into those potential policy changes. I mean, we're hearing kind of some, conversation. The current administration is releasing the tax proposals, both on physical infrastructure and what I would call social infrastructure. Again, they can, I feel major, but I don't see them as very upsetting to the market.

know double dip recession. I mean the, the economy again has continued to heal all the economic. It looks very strong and earnings are continuing to rise. And why are earnings so important? Because earnings is really what drives stock prices and stock valuations. So those are all the components it's to the rally, again, I'll cover those throughout the year as we have our webinars and other ways that we communicate that, where those things stand, because they will adjust over time.

Bill Keen: You mentioned infrastructure and social policy changes, and we're talking now about components of the rally. One thing you didn't mention was tax policy.

And I know we'll talk about that later today, it seems to me like that could be one of the, my goodness. Certainly not a component of a rally, you think?

Matt Wilson: Well, that's right. So The rally continuing because we won't see major changes. Now, there are some risks that I wouldn't say again, would derail it.

All of a sudden changes everything. And now we have to prepare for a major market meltdown that slows it down, because again, there's always bumps in the road. Tax hikes are one of them. So let's cover what we know and kind of what the conversation is on tax hikes, because we're just getting some information from president Biden on his proposals.

Now he proposes the stuff. Congress is the people who have to like hammer it out and vote on it. So just because the president says it doesn't mean that's what happens. But president Biden has put together this plan called build back better. And this is on, you know, on the white house website, there's three parts of that plan.

The first one, the American rescue plan we covered that was ARPA-E. And that was signed into law in March of 2021 second. Part of the plan, which he announced at the end of March. Was the American jobs plan. And that was regarding physical infrastructure. I mean, truly roads, bridges, green energy initiatives. And that proposal is primarily to be paid for via corporate tax increases.

What do you think the odds are of it being passed?

I know there's kind of maybe an order to the odds or the ease of these getting passed. Would you say this is one of the easiest to pass the hardest to pass this physical infrastructure, this American job?

Yeah. I feel that one's going to be the easier the two to pass. I don't think it's going to be as large as his proposal, which is $2 trillion for that piece of it.

I think it's going to be a little less than that. Just from again, the research and, resources and data that we have access to the third part American families plan, which was announced back at the end of April.

That's the social infrastructure. free preschool, free community college expanded child tax care credits. And that is to be. A separate bill. These are all three separate bills paid for by an increase in personal taxes. Do you have a dapper we'll net? That one's also 2 trillion.

Bill Keen: Okay. How about in the first one? The American rescue plan you've told me before Matt,

Matt Wilson: But yeah, I think that was just 1.9 trillion. was the total price tag for that? So we're talking six again, we already mentioned this massive government stimulus. Well, we continue to get more of it too. the ones that were passed last year, and then with this first one, the American rescue plan, there was no tax hikes associated with it.

Now they're like these last two. Okay. Well, we're going to have to start paying for this stuff somehow. So the corporate tax hike related to the physical infrastructure, what Biden proposed was an increase from 21% to 28%. it was at 35% when president Trump got into office and then he reduced it with the tax cuts and jobs act down to 21.

So Biden's proposing to bring it up to 28. The reality is there are several Democrats who are okay with a increased to 25, not to 28

Bill Keen: increased to 25, but not to 28. You said, right?

Matt Wilson: Yeah. So corporate tax is likely not to go up to 28 because it is such a slim majority that they need everybody on board. So that's why, again, I think these aren't going to be major changes that the market's going to get derailed over because entire party has to be on the same page. And they're not on the same page with this.

Bill Keen: I think it's important. What, you mentioned that just back when Trump came into office for years and years, it was a one thirties corporate tax rate. And it didn't completely derail our system.

Matt Wilson: So that's right. the other piece to this. So the American families plan, which is the social infrastructure paid for via personal tax increases, that has gotten a lot of attention because they're talking what over 43% of the highest bracket.

For earned income and for capital gains potentially. Those are some big changes to, you know, especially from the current tax code, but again, they're such a slim majority. I think we're going to have to see, we're going to see a lot of nuance to this before a bill gets put together and then voted on.

We can talk about all the different ways that people would either potentially stop transacting, waiting for the next set of rules to change it to a lower capital gains rate. If you're a small business owner and you've built up significant wealth in your business, you were about ready to sell coming up.

And you're looking at seen those types of numbers for capital gains to sell your business. I would contend some people would probably say pause. Let's see how this plays out in the next five years, People see it on large capital gains long-term capital gains that we're expecting to pay, you know, 20 plus a, the 3.8.

Possibly now seeing that close to double, it would very well may stop transacting, but I know until this has passed, we can sit here and talk all about the different ways people will navigate. But it's interesting to think

Of it is. I mean, you know, again, these are proposals. There are also several Democrats that say we're only going to support this. If you lift the SALT cap.

Bill Keen: Well, that's a tax decrease.

Matt Wilson: The salt cap. Remember SALT cap stands for state and local taxes. And so the tax cuts and jobs act actually limited how much you can deduct.

On your federal income tax in the form of state and local taxes that you pay. So high tax States like California, New York actually saw a major tax hike for the residents of those, if they were over the $10,000.

Bill Keen: So inflated property values on the coasts. I've seen them in talk to folks where their property taxes were 40, $50,000 a year.

They were only able to deduct 10 under that rule that Trump actually put into place.

Matt Wilson: That's right. Trump put that in place. So those States are saying, Hey, and those are primarily democratic controlled States are saying, we want the salt cap lifted because our residents don't like it. And we're seeing a lot of people move out of our States.

So we don't get anything when they leave. And so we'll only support an increase in personal taxes if this goes away, which again is a tax deduction, primarily for the people that are the highest taxpayers, the 1% of the wealthy or whatever you want to call them. They're the ones who get the most benefit on that.

So again, that's why these are going to change a lot from the current form they're in, because there isn't an easy solution to get to where the president has proposed. Okay.

Steve Sanduski: And Matt, would it be fair to say that one of the early indicators that we can monitor in terms of how the markets react to this is let's just look at what the stock market is doing

and let's look at interest rates. And so if it looks like these tax hikes might be a problem, that's going to be reflected in stock prices or interest rates.

Matt Wilson: We'll yeah, we'll start to see it, even before things pass, if the likelihood of it are starting to increase. I mean, when they first got announced, there was a little bit of a market sell off and then all of a sudden the market came right back. Cause it had time to kind of think about it.

Investors got to think about, it took probably a similar analysis that I did and, and. Heard that, Hey, not everyone's on board with these things, even within the democratic party. So we don't need to jump the gun and start selling our investments right now at a lower tax rate, expecting them to go up because I see more people do a lot of damage anticipating something that never happens then just, all right, we got to wait until things happen because you jumped the gun too early and it may never happen.

Now. You just triggered all kinds of problems for you,

Steve Sanduski: Right. And even if they increase the capital gains rate, what will happen likely is obviously it's going to change people's behaviors. So now, if the cap gains rate is higher, well, maybe people are just going to hold onto their assets longer. And, and so that actually could cause the markets to be just fine, because now there's not a lot of selling pressure.

So sometimes you just never really know what the second or third order effects of some of these changes are. And while something might look like a negative in the beginning, it could actually be a positive, longer term.

Matt Wilson: That's right. Yeah. The markets are more, maybe more stable because there are serious tax consequences if people are transacting as much. So,

Bill Keen: Yeah. Have you seen data? Where. a tax rate is increased substantially. And because of the lack of transactions that occur after that increase, the actual tax revenue to the government is substantially less, even though the rate is much higher because there's less transactions because people are now working around it.

Do you have any type of data on that? That'd be interesting to see that across the board over history at some point.

Matt Wilson: There is a concept called the Laffer curve, which was put into place or popularized by an economist named Art Laffer, who basically did kind of talk about that. I mean, it's an economic kind of.

A standard theory of, okay, there's an equilibrium here between tax rates and tax revenue, too high of a tax rate decreases overall tax revenue. Well, zero tax rates gives you zero revenues. So there's a sweet spot in between. And would say it it's had mixed results. There. Hasn't probably been a enough of a consistent application of that to really know what is the right answer to it.

Because, you know, a hundred percent, isn't the answer, but a zero isn't either. And there's, we've never been at either of those extremes. Well, I say that Kansas went to zero tax for a while and it didn't work out real well. You know, it's kind of like Texas and Florida, they try and offset in other ways, but they didn't really implement it very well.

So they had to go back. For state tax on certain. Yeah. Yeah. That's right. Yeah. And so, and it was, they were kind of quoting the governor at the time, the Laffer curve concept, and they think they took it to the extreme again, without really. Applying some of these other things that the other zero tax States on income tax do.

I thought it was okay. But I'll tell you what the potholes in all the Kansas highways were really bad. Steve, you to get some more revenue flowing in and they got the potholes mostly cleaned up now, I think.

Yes. So there's a lot of, nuance to that so that one again, I think that one is not a very high, high risk in the sense that it's going to derail the market. I do believe there'll be tax changes. I don't think they're going to be as extreme as proposed won't derail the market. You know, another one that's again, this I'm going to put these in order of least important to most important earnings and economic recovery.

If those things really start to disappoint. So one of the components of the rally was earnings. being very strong well for Q1, this was through basically the end of April. So new data is continuing to come out every day, but Q1, the blended earnings growth rate for the S and P 500 is 33.8%.

So that's on a year, over year basis. We're up 33, almost 34%. In earnings growth,

Bill Keen: Which is just phenomenal. Would you go to that sitting here one year ago today approximately the day call? It may that in fully in lockdown, full lockdown mode, that we would be having this conversation. Now you did predict some things that were pretty right on, but would you have thought that this would be this good?

Matt Wilson: Really hard to have seen something this good. And it's a combination of one just. Earnings are good revenue, top line revenues up, which is a good thing, but also expenses are down. I mean, corporate travel basically went to a stand still. I mean, you've got people working from home. There's a lot of savings with all of that as well.

So you got top line and bottom line going up, here's the thing about this, which I think is even more important is the expectation at the beginning of the quarter was a growth rate of 23.8%. So extreme surprise to the upside, which is very good to see future quarters analysts, project, double digit earnings growth.

So this is again for the rest of 2021. And really the only thing that, you know, when you look at all the earnings reports and you, you can kind of get some data of what what's a common theme around some of the issues that they're saying. Is many industries are stating supply chain issues. I mean, we're hearing about that with lumbers, like the talking point that you know, if you see, if you have a piece of scrap wood, you better hold onto it because it's worth more than gold almost.

Yeah. Because it's hard to come by and the price is very high and that is COVID issue, supply chain issue a lot of demand for it too. So you got on both sides. But that is short term or a temporary problem. I don't see that as going to be a long-term issue. So while yes, it is hitting some of the earnings reports and some of the calls and transcripts.

It's not something that I think is going to be a detriment to earnings. Now, one of the things that could be. This hasn't necessarily been vocalized yet, but it's been a consistent issue for, I would say at least a decade is just the labor force. There is still a lot of businesses and this is primarily small businesses.

They have a hard time finding people in a hard time, finding quality people, and that's going to be an issue. I mean, that, that does kind of slow business down. If you don't have the labor to actually do the work that you want to do.

Bill Keen: You know, I've shared with you that charisma and I have a place at the Lake of the Ozarks.

And we were down here a couple of weekends ago and talking to of the folks down there that are business owners and there's, there's multiple restaurants after all this gone on with COVID though, have massive demand for their product, for their restaurant.

And they're having to close because they can't find help. Yes. and I talked to folks around the country. It's, it's not just the, like the Ozarks, it's pretty much all over the country. I think. What, what would you attribute that to?

Matt Wilson: There is an argument to be made that maybe the expanded unemployment benefits are helping the situation.

If people aren't incentive to get a job because they're earning as much, if, or maybe even more on unemployment that does create problems. So hopefully they don't extend that. I've heard rumblings that they're possibly talking about extending that. And I don't think that's a good thing to do because that it's an issue.

So here here's data from the, Bureau of labor statistics, there were at the peak in 2018, . There were seven and a half million job openings. During COVID it dropped down to about four and a half million job openings. We're back to 7.3 million job openings. there's businesses back and people are looking for workers. So getting the workers against a second different issue, but this is why this is the economic data is very well correlated to earnings. And all the economic data looks very strong, initial claims are way down.

That's when people first file for unemployment, we hit a peak in March of 2020 of 6.8 million people filed for initial claims. It's now down to 547,000 continued claims is where it's gone kind of sideways for some time, but it is decreasing. That's when people continue to file for unemployment, it peaked at almost 24 million.

In May of 2020, and we're now down just below 4 million of continued claims, which is about double. It was about 2 million prior to COVID.

Steve Sanduski: This labor issue is really the tricky one. Bill and Matt, both of you guys are just talking here about with the unemployment benefits that people in some cases are making more money on unemployment than they could if they were to go work in a restaurant for example. And certainly that's part of it.

I also wonder how much of it is just. People decided because of the pandemic that they decide. Well, I guess financially I'm probably. Okay. I'm just, I'm done. I'm just not going to go back into the workforce. I'm going to get these employment benefits for as long as I can. And then after that, I've just not going to worry about going back to work again.

And so, yeah, I'm concerned cause we have the same issue up here in Wisconsin and we're in somewhat of a resort area and a lot of the restaurants and the hotels and stuff up here, they're having trouble. Finding people. And usually in our area, there are about 500 people per year that come in for the summer, from typically from Europe.

And they fill some of the summer jobs here. But because of COVID, we're not able to bring those people in. So that's another problem for this particular area. So yeah, same thing here. Restaurants are not open as many hours as they might normally be because they can't find the help. At some point you would think this would translate into higher labor rates.

And we may be starting to see that, but it'll just this whole dynamic of, people going back to work or not going back to work and employers, some raising rates and some not wanting to raise rates. It's going to be interesting to see this year, how that all shakes out.

Matt Wilson: Yeah, have heard that some fast food restaurants are offering cash payments to people just for signing on like a sign-on bonus. So think some of them are kind of like, to your point, Steve, they're hesitant to raise the wage because that's a long-term commitment. Maybe they're trying to incentive to get people in here and then anticipating that at some point they'll have an influx of labor hopefully, and they want to bridge that gap until they can get there, but they need people.

I mean, some of these places are just really struggling. last risk. And I think this is probably the one the market's most focused on. It's going to watch very closely. And this is it's combination of the federal reserve raising rates and also just interest rates going up in general. Because there's kind of two ways to think about rates.

The federal reserve controls the overnight lending rate, which is what banks kind of borrow from the federal reserve. And that's what money market and CDs certificates of deposits. Those are kind of keyed off what the federal reserve does. The rest of the market. The rest of the interest rate market is all controlled by supply and demand.

Now the federal reserve can. influence that via their open market operations and their quantitative easing, but again, they don't control it completely. And so there's some fear that, well, maybe the federal reserve changes their tune. I mean, this is there's some news here early may that Janet Yellen, who was former chairman of the federal reserve.

Now treasury secretary maybe mentioned we should raise rates and the market didn't like that.

Bill Keen: Sold off that day.

Matt Wilson: Sure did. Yeah. and that would be a surprise. So these other things like tax hikes really aren't a surprise right now. It's been talked about a lot. Earnings and economic data, you know, that is very strong and there aren't any, in any of the leading indicators, none of them are really hinting at some big slowdown, but this, with the federal reserve, changing their tune would be a surprise.

The other fear is that, well, they're going to have to raise rates because inflation is going to be too high. everyone's worried about hyperinflation, which we have not experienced since. The seventies and early eighties. I mean, there has not been any scenario that's been close to that.

So, I mean, here's what the, the fed has said regarding interest rates. They won't raise rates until the labor market attains maximum employment, which how do they measure that? Exactly. I mean, right now, again, I told you there's 7.3 million job openings. We're still short about million jobs from where we were before.

COVID. So we're still down about 8.4 million jobs. So until maybe we get to the data to before COVID, that's probably what they're going to look at. Inflation reaches 2% and inflation is forecast to exceed 2% for some time. Those are what they've said. They're going to look at. They look at inflation, a couple of different ways.

You know, CPI is a common measurement. The government puts out that's the consumer price index, a basket of goods and services. There's also the personal consumption expenditures, basket PCE. That's the one you'll hear the economists and more technical people talk about that the fed is looking at and they have said, we expect those numbers to go higher than 2%.

Partly because the year over year comparisons from 2020 to now 2021 will be much higher because of the situation with COVID. But they are saying it will be transitory. That's the word they're using transitory. And that means that it won't last very long. There are some people who don't believe that the federal reserve either they're just clueless because inflation's come in because they're pointing to lumber prices are pointing to these other situations.

I tend to believe that again. I don't think the lumber issue and the commodity costs will be a long-term issue. They go up the majority of inflation, especially when we look at hyperinflation. Is tied to wages. So when we see wages go up, that's typically when we see the CPI go up and it's a lag, it follows wages, go up.

First, people have more money to spend that money flows through the system, increases the basket of goods and services. The other type of money that I think people are looking at is like just money supply. And there's a $4.4 trillion that was put into circulation at the beginning of COVID today.

So that's how much more of the money supplies increased. It went from about 15 trillion to about 20 trillion just since COVID starts.

Bill Keen: Common sense would think that has to trigger inflation.

Matt Wilson: It has, but it has it's triggered asset inflation. And that is higher stock prices, higher home and land values, even higher bond prices because that money is not money that people are spending on goods and services.

It's people who have excess money are looking to invest it because they don't want to turn 0%. And that's the other type of inflation. And that's what we've experienced for quite some time. We don't mind that, do we? No. Oh, that's the kind of inflation we kind of like, and we want to participate in it's the hyperinflation people are worried about, but they're correlating them, increase in money supply to hyperinflation, looked at data, looked at it a lot of different ways. The correlation to hyperinflation is tied to increase in wages more so than increasing the money supply because the money supply, just so you know, has only gone up. Since this chart goes back to 19 70 or so that I'm looking at, and it's gone from 2 trillion to 20 trillion.

I mean, it's only gone up and we had, not a whole lot of inflation through those, you know, at least the hyperinflationary type through those years. I mean, even cryptocurrency. I think we're seeing a lot of flows into crypto currency because of that too. I mean, there's just a lot of money sloshing around looking for a place to go Mark Cuban, even hinted at this the other day on Twitter, I saw this.

He's like, well, if you had excess money, sit in the banker and zero, maybe you should think about cryptocurrency. I don't agree with that. I think you're kind of taking cash that could be used for emergency reserve and then putting in speculative investment. But that's probably what people are thinking. And so, you know, this money is looking for a place to go and it's not going to sit in cash because here's the biggest, if you're worried about inflation, the biggest looser inflation is cash. Yes. need to do something with it. So if you're worried about inflation again, which a lot of people are one of the best investments in any inflationary environment, our stocks, equities. that bodes well for. You know, the outlook or at least the reason why, if inflation is a concern, why you should have exposure to the stock market. But again, the fed, I think they're, again, they're looking at the similar stuff that we're looking at and, you know, coming to the same conclusions that inflation like hyperinflation, isn't going to be a long-term issue.

And again, I don't think we're going to see hyper inflation. Anyway, they're just saying some of the data is going to be higher than where it has been because of these year over year comparisons.

Steve Sanduski: One of the things that I find fascinating about all of this is as I think about the economy. I think about labor. I think about capital. I think about business. I think about financial markets is we have all these different inputs from what the government does from what capital does, from what labor does and how business reacts to it and changes in tax rates.

And all this money going into the system yet at the end of the day, somehow some way the economy finds a way to balance all of these different things. And it might go up a little bit here and down a little bit there, and then it pops up over in this corner over there, but somehow some way it all seems to work out and balance and adjust and get back to some.

State of equilibrium to some extent, because we don't have massive inflation. We don't have massive deflation. We have millions of jobs that are available in somehow some way. It just, seems to work out. And I don't know if that's just our capitalist system and our democracy government, that we have some combination of these different things.

But to me, it's just incredible how ultimately these things tend to work themselves out over time.

Matt Wilson: These kinds of issues, we're constantly talking about them and they change all the time too. It's a different thing. Six months ago. And it'll be a different thing probably in six months from now. But yeah, the market's kind of figure out a way. And I think Steve, like you mentioned the capitalists, we reward people for solutions and I think that's probably the biggest incentive best incentive structure.

Steve Sanduski: Yeah, it's that old invisible hand.

Matt Wilson: That's right.

Steve Sanduski: Working through the system so, well, guys, I think we've got a great content here that you two guys just walked us through any final comments that you want to add here as we wrap up.

Bill Keen: A lot of the things that we covered today can feel really overwhelming and daunting to try to wrap your mind around. And Matt does a great job uh, which is why he's the CIO of the firm of explaining these things in ways that can be understood. But, take a step back and you say, what are the reasons that good to at least have a general idea of some of these issues?

And a lot of our listeners have investments that are invested in certain stocks and bonds and other asset classes. And they like to have a general idea or understanding of where things might be going in the future and be educated on that because that's the pool of assets.

That are retired clients, of course. And the folks that are navigating toward retirement will be needing to live on the rest of their lives. So the stakes are pretty high around how investments perform and how they're allocated and how they work. And then on the other side of it, it's. Well, what's it going to cost me to live?

Am I going to be able to live on that 5,000 a month or that 8,000 a month or 3000 a month or whatever the number has been in your life and your plan, or is that number going to go way higher because of inflationary pressures that are coming at us. And then how much is the government. Going to take of that income.

A lot more than they have in the past, or is it going to be less or stay the same? So these things all affect the individual. That's not necessarily, you're not a financial advisor. Some of the folks that listen to our program are financial advisors that are thinking more in depth about these things.

But most folks that listen to us are either clients of keen wealth advisors or. Or folks that are just plugged into our educational platform here that want to understand. And they're, they're thinking about these things on that level. And I think that what it speaks to, and we'll come back to this again, and again, is that regardless of what we're seeing in the headlines, which are designed to create emotion, a lot of times negative emotion is to not make.

Knee jerk emotional reactions on the big decisions on any decisions, hopefully, but especially on the big decisions around your financial plan. And that would mean that you actually have a financial plan. And I believe that's probably one of the most important things that we can do is think about and plan our future, and then look at where we are today and work backwards to that ideal life that we're trying to accomplish and have an actionable.

Defined financial plan in place that competent professional fiduciary team is helping you walked through. I'm biased to that because I just see the power in it over a nearly 30-year career. So, I appreciate you all hanging in there with us on an episode that could be considered somewhat technical.

before we go, I want to point out that Matt covered this material in a recent market update webinar. It was about an hour long. So He was able to go into a little bit more and he had charts that he used in that webinar, which were really helpful to see as you're trying to take in and comprehend this data, that webinars is housed@keenwealthadvisors.com , retirement resources, blog, and podcasts. So for some of you that follow the keen on retirement website, we actually merged that into keen wealth advisors.com. If you Google Keen on Retirement.com, it'll redirect. to that site, but there you can find this whole presentation.

That's even more. I would say we had, he did a great job today, but I would say if you really want to dig deeper into this and see the slides to check it out that location.

Steve Sanduski: Excellent. Well, great way to wrap up here. So as Bill mentioned there, If you want all the details, just go to keen wealth advisors.com. So Matt and Bill. Thanks guys. And we'll look forward to catching you on the next episode of keen on retirement.

Bill Keen: Thank you very much.

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