ACH Investment Group, Inc.

April 8, 2022

Dear Valued Investor,

“Bull markets are born on pessimism, grown on skepticism, mature on optimism, and die on euphoria.” - Sir John Templeton

According to the guidance of revered investor Sir John Templeton, it appears to us that this market may have a bit more left in the tank. The market returns we witnessed in March seem to bear this out, as stocks surged during the month despite the backdrop of war in Ukraine, inflationary pressures, and surging interest rates. However, over the intermediate term, the path forward may only be partially defined by Federal Reserve policies, global diplomatic efforts, and rates. Why? For one reason—earnings from corporate America remain strong and the jobs market is back to approximate pre-pandemic levels. Indeed, there seems to be plenty of skepticism, but market fundamentals have yet to be materially shaken from their foundation.

Historically, geopolitical events have typically dented market sentiment for a period, but stocks have shown a tendency to rebound rather quickly when initial pessimism subsides. Past performance is no guarantee of future outcomes of course, but the latest market rebound seems to fit historical precedents. After hitting a March closing low of 4,170, the S&P 500 Index has regained considerable ground and is hovering near 4,500 at the time of this letter.

Meanwhile, the Federal Reserve’s first move to raise interest rates (in March) was well telegraphed by market participants, and most expect further tightening from the central bank. The primary policy target is rising U.S. inflation, an undesirable circumstance driven by unprecedented COVID-19-induced economic volatility and a massive policy response. That has been further complicated by current geopolitical tensions. The good news is we expect inflation to come down significantly as the year progresses.

And finally, the third pillar in the latest wall of worry is new concern over yield-curve inversion. Recently, the 10-year Treasury yield fell below the two-year Treasury yield, an occurrence that has preceded economic recessions in the past, but not always. A similar circumstance transpired in 1998 and 2005 and no recession immediately followed, while a recession following the yield curve inversion in 2019 would have been very unlikely if not for COVID-19. So, while yield curves may tell a cautionary tale and the media is quick to report on it, we do not believe a recession is imminent, given the overall strength in the economy.

To sum it all up, March has given us some signs that staying the course may be the most prudent investing decision to make. Although we warned that volatility was likely to return in 2022, and it has, we believe riskier assets, like stocks, still may present opportunities for investors. In our view, financial conditions remain favorable, earnings may continue to surprise to the upside, and economic data in many corners of the economy remain favorable. These elements help us label the recent market skepticism as potentially healthy and help us to forecast that the upswing in the business cycle may yet have a ways to go.

Please contact me if you have any questions.

Sincerely,

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References to markets, asset classes, and sectors are generally regarding the corresponding market index. Indexes are unmanaged statistical composites and cannot be invested into directly. Index performance is not indicative of the performance of any investment and do not reflect fees, expenses, or sales charges. All performance referenced is historical and is no guarantee of future results.
All data is provided as of April 1, 2022.

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All index data from FactSet.

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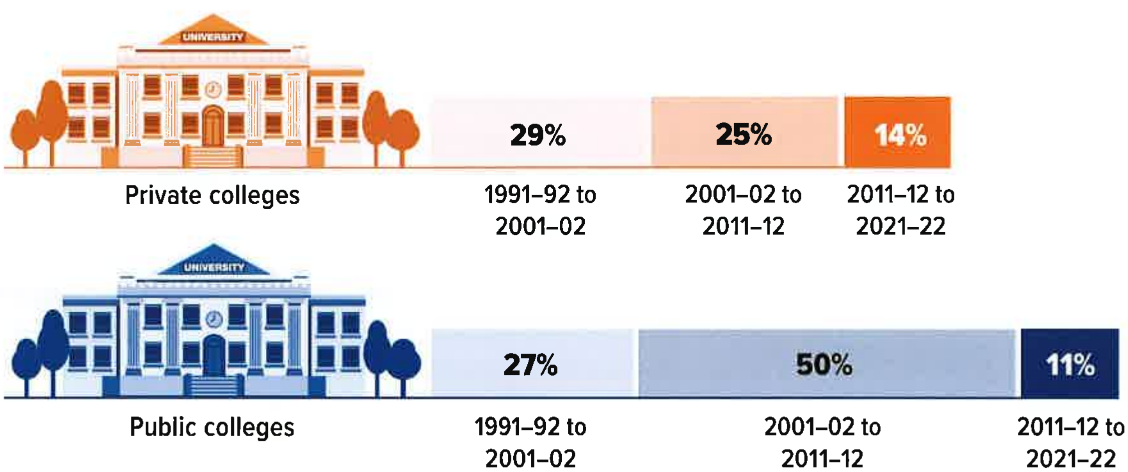
Your Money Management Newsletter

Three Decades of College Cost Increases

Over the past 30 years, the cost of college tuition, fees, room, and board has increased 85% at private colleges and 111% at public colleges *above and beyond* the rate of general inflation. After significant cost increases during the 1990s and 2000s, colleges have made a concerted effort over the last decade to rein in cost hikes. This is especially true for public colleges, as states have generally allocated more money to their higher-education budgets after years of cuts.

Inflation-adjusted percentage increase in published college costs over past three decades



Source: Trends in College Pricing and Student Aid 2021, College Board

$27,330

Average total cost of attendance (COA) for an in-state student at a four-year public college for 2021–2022.

Total COA includes direct billed costs for tuition, fees, room, and board, plus an amount for indirect costs for books, transportation, and personal expenses. The average total COA for a four-year private college is $55,800.

Source: Trends in College Pricing and Student Aid 2021, College Board

Practical insights for your **FINANCIAL GOALS**

Working While Receiving Social Security Benefits

The COVID-19 recession and the continuing pandemic pushed many older workers into retirement earlier than they had anticipated. A little more than 50% of Americans age 55 and older said they were retired in Q3 2021, up from about 48% two years earlier, before the pandemic.[1]

For people age 62 and older, retiring from the workforce often means claiming Social Security benefits. But what happens if you decide to go back to work? With the job market heating up, there are opportunities for people of all ages to return to the workforce. Or to look at it another way: What happens if you are working and want to claim Social Security benefits while staying on your job?

Retirement Earnings Test

Some people may think they can't work — or shouldn't work — while collecting Social Security benefits. But that's not the case. However, it's important to understand how the retirement earnings test (RET) could affect your benefits.

- The RET applies only if you are working and receiving Social Security benefits *before* reaching full retirement age (FRA). Any earnings after reaching full retirement age do not affect your Social Security benefit. Your FRA is based on your birth year: age 66 if born in 1943 to 1954; age 66 & 2 months to 66 & 10 months if born in 1955 to 1959; age 67 if born in 1960 or later.

Back to Work

In this hypothetical example, Fred claimed Social Security in 2021 when he was age 62, and he was entitled to a $1,500 monthly benefit as of January 2022. Fred returned to work in April 2022 and is on track to earn $31,560 for the year — $12,000 above the $19,560 RET exempt amount. Thus, $6,000 ($1 for every $2 above the exempt amount) in benefits will be deducted. Assuming that the Social Security Administration (SSA) became aware of Fred's expected earnings before he returned to work, benefits might be paid as illustrated below.

JANUARY	FEBRUARY	MARCH	APRIL
$1,500	$1,500	$1,500	$0
MAY	**JUNE**	**JULY**	**AUGUST**
$0	$0	$0	$1,500
SEPTEMBER	**OCTOBER**	**NOVEMBER**	**DECEMBER**
$1,500	$1,500	$1,500	$1,500

In practice, benefits may be withheld earlier in the year or retroactively, depending on when the SSA becomes aware of earnings.

- If you are under full retirement age for the entire year in which you work, $1 in benefits will be deducted for every $2 in gross wages or net self-employment income above the annual *exempt amount* ($19,560 in 2022). The RET does not apply to income from investments, pensions, or retirement accounts.
- A monthly limit applies during the year you file for benefits ($1,630 in 2022), unless you are self-employed and work more than 45 hours per month in your business (15 hours in a highly skilled business). For example, if you file for benefits starting in July, you could earn more than the annual limit from January to June and still receive full benefits if you do not earn more than the monthly limit from July through December.
- In the year you reach full retirement age, the reduction in benefits is $1 for every $3 earned above a higher annual exempt amount ($51,960 in 2022 or $4,330 per month if the monthly limit applies). Starting in the month you reach full retirement age, there is no limit on earnings or reduction in benefits.
- The Social Security Administration may withhold benefits as soon as it determines that your earnings are on track to surpass the exempt amount. The estimated amount will typically be deducted from your monthly benefit in full. *(See example.)*
- The RET also applies to spousal, dependent, and survivor benefits if the spouse, dependent, or survivor works before full retirement age. Regardless of a spouse's or dependent's age, the RET may reduce a spousal or dependent benefit that is based on the benefit of a worker who is subject to the RET.

The RET might seem like a stiff penalty, but the deducted benefits are not really lost. Your Social Security benefit amount is recalculated after you reach full retirement age. For example, if you claimed benefits at age 62 and forfeited the equivalent of 12 months' worth of benefits by the time you reached full retirement age, your benefit would be recalculated as if you had claimed it at age 63 instead of 62. You would receive this higher benefit for the rest of your life, so you could end up receiving substantially more than the amount that was withheld. There is no adjustment for lost spousal benefits or for lost survivor benefits that are based on having a dependent child.

If you regret taking your Social Security benefit before reaching full retirement age, you can apply to withdraw benefits within 12 months of the original claim. You must repay all benefits received on your claim, including any spousal or dependent benefits. This option is available only once in your lifetime.

1) Pew Research Center, November 4, 2021

Baseball Lessons That Might Help Change Up Your Finances

Baseball stadiums are filled with optimists. Fans start each new season with the hope that even if last year ended badly, this year could finally be *the year*. After all, teams rally mid-season, curses are broken, and even underdogs sometimes make it to the World Series. As Yogi Berra famously put it, "It ain't over till it's over."[1] Here are a few lessons from America's pastime that might inspire you to take a fresh look at your finances.

Proceed One Base at a Time

There's nothing like seeing a home run light up the scoreboard, but games are often won by singles and doubles that put runners in scoring position through a series of hits. The "one base at a time" approach takes discipline, something you can apply to your finances. What are your financial goals? Do you know how much money comes in and how much goes out? Are you saving regularly for retirement or for a child's college education? Answering some fundamental questions will help you understand where you are now and help you decide where you want to go.

Cover Your Bases

Baseball players must be positioned and prepared to make a play at the base. What can you do to help protect your financial future in case life throws you a curveball? Try to prepare for those "what ifs." For example, you could buy the insurance coverage you need to help make sure your family is protected. And you could set up an emergency account that you can tap instead of dipping into your retirement funds or using a credit card when an unexpected expense arises.

Expect to Strike Out

Fans may have trouble seeing strikeouts in a positive light, but every baseball player knows that striking out is a big part of the game. In fact, striking out is much more common than getting hits. The record for the highest career batting average record is .366, held by Ty Cobb.[2] As Ted Williams once said, "Baseball is the only field of endeavor where a man can succeed three times out of ten and be considered a good performer."[3]

So how does this apply to your finances? As Hank Aaron put it, "Failure is a part of success."[4] If you're prepared for the misses as well as the hits, you can avoid reacting emotionally rather than rationally when things don't work out according to plan. For example, when investing, you have no control over how the market is going to perform, but you can decide what to invest in and when to buy and sell, according to your investment goals and tolerance for risk. In the words of longtime baseball fan Warren Buffett, "What's nice about investing is you don't have to swing at every pitch."[5]

See Every Day as a New Ball Game

When the trailing team ties the score (often unexpectedly), the announcer shouts, "It's a whole new ball game!"[6]

Whether your investments haven't performed as expected, or you've spent too much money, or you haven't saved enough, there's always hope if you're willing to learn from what you've done right and what you've done wrong. Hall of Famer Bob Feller may have said it best. "Every day is a new opportunity. You can build on yesterday's success or put its failures behind and start over again. That's the way life is, with a new game every day, and that's the way baseball is."[7]

All investing involves risk, including the possible loss of principal. There is no guarantee that any investment strategy will be successful.

1, 3–4, 6–7) BrainyQuote.com
2) ESPN.com
5) quotefancy.com

Take Me Out to the Ball Game

The average cost of taking a family of four to a Major League Baseball game during the 2021 season was $253. Costs varied across the league, with Red Sox fans paying the most and Diamondbacks' fans paying the least.*

BASEBALL TICKET $376 Boston Red Sox	BASEBALL TICKET $340 New York Yankees	BASEBALL TICKET $308 Los Angeles Dodgers	BASEBALL TICKET $287 Texas Rangers
BASEBALL TICKET $260 St. Louis Cardinals	BASEBALL TICKET $243 Atlanta Braves	BASEBALL TICKET $180 Tampa Bay Rays	BASEBALL TICKET $144 Arizona Diamondbacks

*Based on the Fan Cost Index from Team Marketing Report, which includes price of four nonpremium tickets, parking, two draft beers, four soft drinks, four hot dogs, and two adult-sized adjustable hats.

Source: The Athletic, 2021

Planning to Quit Your Job? What to Know Before You Go

About 4.3 million U.S. workers quit their jobs voluntarily in December 2021, after a record 4.5 million quit in November — the largest number since the Bureau of Labor Statistics (BLS) began recording voluntary job separations in December 2020.[1]

There are plenty of theories about why people are quitting in droves, including a strong job market and pandemic-induced worker burnout. Regardless of your reasons, here are a few important considerations to keep in mind before you join the employment exodus.

Your Plan Should Reflect Reality

Unless you already have a new job lined up, be realistic about how long it might take to re-enter the workforce. According to the BLS, almost one-third of individuals who were unemployed in December 2021 had been out of work for 27 weeks or more.[2] Could you afford to maintain your current lifestyle without being paid for six months or even longer? You might need sufficient savings to cover your expenses for at least that long.

You May Incur New Expenses

Voluntarily leaving your job can affect your financial security in other ways, too. For example, you might lose important workplace benefits, such as typically more affordable group life, health, and dental insurance, and access to an to employer-sponsored retirement plan.

Before giving notice, assess your entire range of financial needs and the potential consequences of quitting.

Maintaining these benefits while unemployed could be financially burdensome at best — or impossible at worst. Before giving notice, assess your entire range of financial needs and the potential consequences of quitting.

It Can Pay to Stay

Because hiring and training new workers can be time-consuming and costly, some employers may be more willing to make concessions to keep the employees they already have. Whether you want a higher salary, new responsibilities, or a different work/life arrangement, this could be an ideal time to make your case to your employer. Consider listing examples of the current and future value you bring to your job. Then schedule a meeting with your manager to discuss those points and make a proposal. It could turn out to be a win-win proposition.

1–2) U.S. Bureau of Labor Statistics, 2022

Are you experiencing or considering life changes that may impact your finances? Call us for an appointment to help assess your situation.