



the retirement **INCOME STORE**[®]

Issue 04 - Jan. 2020

NEWSLETTER

TheRetirementIncomeStore.com

LOOK INSIDE

for special offers

2020 Market Forecast

By David J. Scranton, Founder of The Retirement Income Store[®]

Forecasting the financial markets can be tricky, but it's a key part of a financial advisor's job. If you saw *The Income Generation's* 2019 market recap show, you know that 2019 served up a virtual funhouse of surprises in the financial markets – and not all of them were fun. Heading into 2019, I forecast that the Fed would approve no more than one interest rate hike. I knew this because the bond market had finally put its foot down last December, which meant bond yields would no longer be able to rise each time the Fed announced its intent to raise short-term rates.

This, in turn, meant the Fed couldn't keep raising short-term rates without further flattening the yield curve. As a result, I forecast a possible market pullback and economic slowdown in 2019.

What I didn't envision was that the Fed would take steps that would further flatten the yield curve, and that's what happened in March when the Fed announced it would discontinue the unwinding of quantitative easing (QE). That announcement pushed bond values up and long-term interest rates down—forcing the Fed to cut short-term rates three times in 2019.

I also didn't envision that with the yield curve nearly flat, the Fed would start buying back U.S. treasuries again – essentially launching another round of QE. That's what happened in response to the banking system's September liquidity crunch. Since October, the Fed's ongoing "overnight repos" have injected hundreds of billions of dollars into the repo market.

So, what does all of this mean for the markets in 2020? To me, it's a clear sign that the Fed plans on doing everything within its power to



keep the stock market elevated and to delay the next recession and major market correction.

Historically, a recession typically hits 12 to 18 months after the yield curve flattens or inverts. Since the yield curve inverted in July of 2019, we'd normally see a recession around August 2020 or early 2021.

However, with the Fed clearly committed to doing everything it can to alter the markets' natural course, it's likely the reckoning could occur later. With that in mind, it is possible we could see another 10-20% market increase. Of course, that could all change very quickly depending on what happens with the impeachment issue and escalating tensions in the Middle East.

However, you should ask yourself: "Is this stock market real, and, if not, do I really want to gamble my financial future on something artificial?"

If you're retired, or near retirement, the answer seems obvious. That's because, even if the market does add another 20%, history suggests that the next major correction could mean a drop of 40-70%. It's like going to a casino and playing a game where if you win you get \$20, but if you lose you have to hand over \$70.

Retirees and those near retirement simply can't afford to make that kind of gamble with their retirement future. That's why I believe it's important to continue making financial defense, your number one financial priority in 2020.

KEEP AN EYE ON YOUR MAILBOX FOR YOUR

New Year's Gift

from The Retirement Income Store[®]

20 NEW
YEAR 20

10 Steps to Get Ready for Retirement

DAVID J. SCRANTON

Founder of the Scranton Financial Group, Advisors' Academy, The Retirement Income Store®, and Sound Income Strategies



As many of you get ready to tackle your resolutions for 2020, I thought it would be a good time to share **10 Steps to Get Ready for Retirement**, which we originally shared on [The Income Generation Show's](#) 100th episode.

This list is not meant as a complete guide to retirement planning. There are so many factors to consider in retirement planning that the best way to approach it is with a qualified financial advisor—preferably one who specializes in retirement income. With that said, let's run down steps #1-5. Steps #6-10 will be revealed in February's newsletter.

#1 Eliminate as much debt as possible before you retire. While some debt is fine,

carrying too much debt into retirement – and accumulating more debt during retirement – can lead to major problems.

#2. Identify your specific retirement goals. Do you plan on moving or traveling? Will you be spending more time on your favorite hobbies and activities? How much will you need to do so?

#3. Do a top-down budget analysis to determine how much you'll need for retirement. Remember to calculate all the expenses that will go away after you retire – like commuting expenses, FICA tax, and possibly your mortgage payments.

#4. Calculate your Social Security income based on claiming your benefits at the optimal time. Determining the optimal time is

something a qualified advisor can help you do—depending on your age, earnings, goals and other factors.

#5 Reduce your exposure to stock market risk by making the strategic shift from investing for growth in an uncertain stock market, to investing for income in the much larger and more consistent universe of fixed-income investing.

If you'd like to learn more about steps 1-5, you can subscribe to [The Income Generation Show's YouTube Channel](#) and watch the 100th episode: RMDs and 10 Steps to Get Ready for Retirement.

BEWARE OF THE RISKS OF INVESTING IN BOND MUTUAL FUNDS

Advertorial:

For many financial advisors, fixed income is usually an afterthought, and if they do fixed income, most will take the easy way out and invest client money in bond mutual funds.

What many people don't realize is that bond mutual funds carry risks, costs, and tax implications that can be significantly reduced by investing in a diversified portfolio of individual bonds. That's because when you invest in individual bonds:

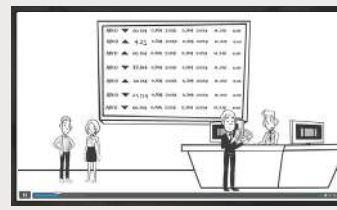
1. You're guaranteed a fixed rate of interest for the life of the bond.
2. When the bond matures, you're guaranteed to get the face value back – assuming no defaults.

With these two guarantees, investors can know with greater certainty what their financial future holds. So, how do bond mutual funds compare to individual bonds? Well, both guarantees you get with individual bonds are off the table when it comes to bond mutual funds.

We've created a [short animated video](#) and a [commissioned report](#) that illustrate why anyone who is retired or near retirement is better suited staying away from bond mutual funds.

FREE REPORT AND VIDEO

TV Video



Commissioned Report



LEARN MORE

For the short animated video visit: <https://vimeo.com/advisorsacademy/review/266311912/3a95ea9ae0>

For the branded commissioned report visit: https://theretirementincomestore.com/wp-content/uploads/RIS_Bond-Report_10_22_19_SS_lo.pdf

Find Out Who's Real And Who's Fake...

Choose Your Teachers Wisely



By David J. Scranton, Founder of The Retirement Income Store®

Artificial can have its advantages – whether that means artificial sweeteners or artificial intelligence. Most would agree, however, there's no advantage to getting fabricated news that promotes fake financial strategies.

Yet, thanks to cultural and economic changes that have accelerated recently, these dangers have become much more prevalent.

When Robert Kiyosaki joined me on [The Income Generation Show](#), he shared this advice:

"Be very careful who you get your financial education from. You better find out who's real and who's fake ... choose your teachers wisely."

This is certainly wise advice considering that the financial markets seem to have become overly dependent on artificial factors. These artificial factors have led to a dangerous disconnect between economic reality and stock market performance.

This movement toward fakeness began decades ago but has reached dangerous levels in the 10 years since the financial crisis. That's when the Federal Reserve began rewriting the playbook.

This rewrite began months before the financial crisis. When warning signs of the mortgage crisis and fears of a recession started mounting, the Fed held an emergency meeting where it agreed to lower short-term interest rates by triple the adjustment they might normally make. Today that meeting in 2008 is recognized as the moment the Fed made it clear it was going to start playing by a new set of rules in response to future financial crises. It was a sign it intended to focus more on artificial strategies aimed at quick fixes rather than long-term solutions. Sure enough, once the recession and stock market crash hit, the Fed initiated multiple rounds of quantitative easing (QE)—which created a flow of cheap money and drove more investors into the stock market by making other investment options seem less attractive. The stock market soon became more dependent on the Fed's artificial strategies than on economic fundamentals. I've always likened the Fed's overuse of QE to steroid use by an athlete, not only because steroids enhance an athlete's performance artificially, but also because the

side effects can continue long after an athlete stops taking them.

That's why even though QE officially "ended" in 2014, the financial markets are still dependent, and being largely driven by, economic steroids. The Fed's recent "overnight repos" can be seen as a form of QE, just under a different name.

We all know the long-term dangers of steroids – especially once the body becomes dependent on them. Eventually, the body must break that dependency, and that process can be painful. By the same token, sooner or later the economy and markets will have to make fundamental sense again – and that will most likely be painful. However, it doesn't have to be for you.

By making sure you get your financial information from a trustworthy source, you'll be better able to sort through the hype and focus on the facts that matter most to you and your retirement. Reading this newsletter and watching my show *The Income Generation* are great ways to do just that!

The Place to Go When You Need Your **RETIREMENT INCOME TO GROW**



- Have you adequately reduced your exposure to stock market risk?
- Have you established renewable streams of income for retirement?
- Are you working with a fiduciary who is also an Income Specialist?

Visit TheRetirementIncomeStore.com to Get Started Today!



Tune in to

**THE
INCOME
GENERATION**

With David J. Scranton

Did you miss
David J. Scranton's
Market Forecast 2020?

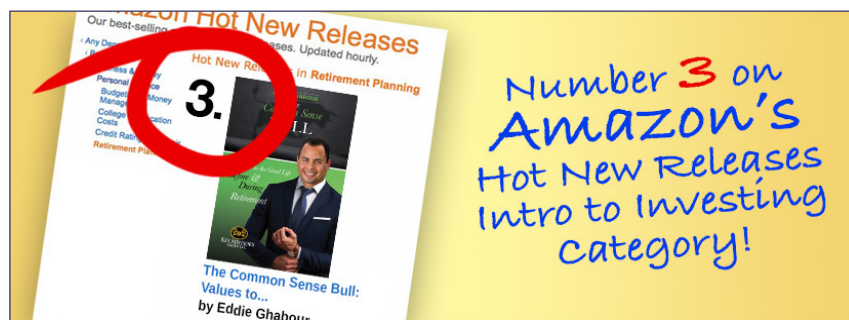
SUBSCRIBE TO

The Income Generation Show's [YouTube Channel](#) to:

- Watch the 2020 Market Forecast Show
- Keep up with important developments in the financial markets
- Watch past episode's featuring celebrity guests like Steve Forbes, Peter Schiff, Mohamed El-Erian, Robert Kiyosaki, and others

RIS Media Center

Each month we recommend a book or other educational resource to our subscribers. This month's recommendation is **The Common-Sense Bull** by *Eddie Ghabour*.



EDDIE GHABOUR Wealth Advisor and Co-Owner of Key Advisors Group, LLC.

In his book, Eddie Ghabour, a seasoned financial advisor and regular guest on top-rated, nationally syndicated financial TV shows like *Varney & Co.*, provides readers with the frame of mind and strategies required to not only survive, but thrive, in today's markets. Sharing insights acquired over Eddie's 20+ years of providing wealth management services to his clients, **The Common-Sense Bull** lays out the keys to living the good life ahead of, and during, retirement. After reading the

book, readers will better understand:

- The naturally occurring rhythms and cycles in the financial markets
- When it makes sense to be bullish and when to take a more defensive mode approach
- The keys to achieving happiness during retirement
- How to overcome common challenges to achieving financial independence

Eddie Ghabour says, "People should be able to retire without feeling as if they need to 'get out

of the markets' entirely. **The Common-Sense Bull** puts it all into perspective—providing an understanding of when you can be bullish and when to rely on a broader sense of market history."

You can learn more at:

TheCommonSenseBull.com

The Common-Sense Bull is also available on Amazon.

NATIONWIDE OPPORTUNITIES FOR QUALIFIED ADVISORS

The Retirement Income Store® is always on the lookout for qualified Investment Advisor Representatives, as well as independent Registered Investment Advisory firms, who embrace our philosophy of "defensive" retirement planning and are interested in partnering up with us.

[Click here](http://theretirementincomestore.com/franchise-opportunity/) to schedule a call with someone on our Business Development Team to find out if you qualify or visit theretirementincomestore.com/franchise-opportunity/

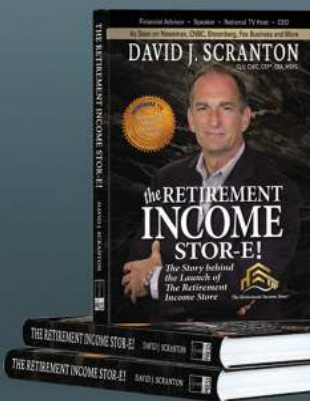


Help Friends and Family Start the Year off Right with a Subscription to **The Retirement Income Store® Newsletter!**



- Sign them up for a 12-month subscription and they'll receive 3 **FREE** AA Press Books (\$75 value)
* *Does Not Include David Scranton's latest book: The Retirement Income Stor-E*
- Or, sign them up for 11 months and they'll receive one **FREE** month PLUS a free copy of David Scranton's latest book: *The Retirement Income Stor-E* (\$30 value)

The Story behind the Launch of the RETIREMENT INCOME STORE®!



Poised to Break Wall Street's Stronghold on The Way Americans Plan and Save for Retirement

Get Your **FREE** Copy
theretirementincomestore.com/memberships/

Get a **FREE** copy + 1 **FREE** month of The RIS newsletter when you sign up for an 11-month subscription to The Retirement Income Store® Newsletter. (\$30 value)

© 2020 the Retirement Income Store® / Sound Income Strategies
All written content on this document is for information purposes only. Opinions expressed herein are solely those of the Retirement Income Store® and our editorial staff. Material presented is believed to be from reliable sources; however, we make no representations as to its accuracy or completeness. All information and ideas should be discussed in detail with your individual advisor prior to implementation. Fee-based financial planning and Investment Advisory Services are offered by Sound Income Strategies, LLC, an SEC Registered Investment Advisory firm. The Retirement Income Store® and Sound Income Strategies are associated entities. This document shall in no way be construed or interpreted as a solicitation to sell or offer to sell Investment Advisory Services to any residents of states where otherwise legally permitted to conduct business.