

the SGROI FINANCIAL

NEWSLETTER

TO OUR VALUED CLIENTS AND COMMUNITY: With New York State phasing through the stages of reopening, we wanted to provide an update regarding our workforce and business hours. As of June 1st, we are back to normal staff capacity with our office open 8:30 A.M. – 4:30 P.M. Monday through Thursday and 8:30 A.M. – 4:00 P.M. on Fridays. Our advisors are readily available with any questions or concerns you may have during this difficult time. If you wish to meet, our team is available for scheduled appointments via phone, Zoom/screen share, or in-person. Stay safe & healthy.

COVID-19: A Time of Learning and Reflecting

Never let a good crisis go to waste as a learning experience

Smooth seas never made a skilled sailor," spoken by Franklin D. Roosevelt, reflects greatly on what our economy has faced these past months with COVID-19. This proverb symbolizes that easy situations never improve or make you better in life, but rather, the harsh conditions of life make a person tougher and more capable. The challenging experiences we face often give the best life lessons in return.

The collapse of the stock market in 2008, fueled by the widespread use of mortgage-backed securities, was devastating to many people. It took years afterwards for the stock market to recover what was financially lost. Now, as we face the pandemic uproar of COVID-19 combined with a volatile stock market, feelings of worry and uncertainty have returned. In difficult times, it's important to use the knowledge learned from past experiences like 2008 to help us get through. Additionally, as New York starts phases to reopen, it is wise to reflect on what these trying times

have taught us, and how we can be prepared for the next crisis that challenges our nation.

What Have You Learned?

As some of you have been here before with the downfalls of the stock market, what did you learn from the last time? Were you more cautious

with your spending vs. saving of money? Did you talk with your advisor about your financial concerns of the market volatility before adjusting the risk tolerance of



your financial portfolio? Have you contributed more money to your emergency fund, or did you have to rely on that set aside money to stay afloat during these rocky times? Perhaps it's time to reevaluate what was spent and refuel that savings account. What are you doing different or the same, and are those techniques working for you? Maybe you've taken the time to care for yourself; learn a new skill, or a hobby that has assisted in lessening the anxiety and worry of the pandemic and economy. *Continued on inside*

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Teach the Younger Generations:

Never let a good crisis go to waste as a learning experience, and the younger generation is the perfect example. Discuss with them how financial setbacks may happen, and how to regrow from what was lost. Explain the importance of building a savings account, the value of a hard-earned

dollar, and how unexpected life can be due to an economic crisis. By teaching the youth, you're helping them prepare for what may potentially lie ahead as the next unplanned happening in our economy. Although we don't know when something unexpected will happen, we should be prepared that something will happen. 🌍

Mid-Year Market Review

Investing in a Pandemic

Any analysis of the global economy and financial markets in 2020 need to start with an understanding of the pandemic itself. The adoption of social distancing has caused a plateau in the number of cases and fatalities in the US. However, with the relaxation of these social distancing measures and with more states starting to reopen, there could be a stalling point and progress could reverse in the months ahead. While better treatments may reduce the number of deaths associated with the disease, the global economy may have to continue to practice some form of social distancing until a vaccine is developed, possibly in 2021.

With all of the data coming in, it is clear that the U.S. has fallen into its deepest recession since the Great Depression. What is less obvious and what many are still trying to figure out is the shape that the recession is likely to take in the coming months. Some say it will be a V-shaped recovery, others think a U-shape and some suggest an L-shaped depression. With families being forced to stay at home, There may be some pent-up demand to go out to restaurants and retail stores. What we could see is more of an initial bump up as more and more states reopen, followed by a crawl and then a surge once a vaccine or treatment is developed.

With all of that being said, the stock market has been resilient in the face of all of this bad news. From the market low on March 23rd, the S&P 500 is up almost 40% since then. This is mostly due to the fact that there has been tremendous monetary and fiscal support to act as a backstop to the economy. Investors are looking past all of the bad economic data coming in and focusing more

"Investing should be more like watching paint dry or watching grass grow. If you want excitement, take \$800 and go to Las Vegas."

- Paul Samuelson

on re-opening measures and an expectation of a swift rebound in corporate profits. What this means for our portfolios here at Sgroi is that we will continue to play defense with our bonds and have a slight overweight to growth sectors of the

market. This allows for us to weather the storm in the short/medium term and maintain enough exposure to cyclical if the market does continue to trend higher, we feel that this is the best way to move forward from here and feel the risks right now in the market do not warrant any significant bets. 🌍

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Letter from the Partners: A Reflection on COVID-19

As New York State phases through reopening, we wanted to take a moment to reflect on what we have learned from this pandemic and coping through such an unprecedented time.

The volatility of the stock market during this pandemic has shown us that fear cannot dictate our financial plans, and although downturns and drops may occur, there is always a probability of positive return. It is important to keep proper perspective that stocks rise or fall over short periods of time. We must remember that although investors may like to avoid stock market declines at all cost, declines are an inevitable part of investing. History, such as the stock market downfall in 2008, has shown that the odds of achieving a positive return are dramatically increased the longer the investment horizon.

Since March 24, 2020, although deemed as an essential business, we complied with the New York State COVID-19 regulations and reduced to 25% staff for the safety and health of our valued employees and clients. We appreciate the hard work our employees put in each work day, and are appreciative of everyone's patience during this difficult time. Local businesses faced the hardship of relying solely on takeout services amid the shutdown of our state, yet Western New York has gone above and beyond to support those who needed help most. It never ceases to amaze us how dedicated our community is to giving back to those who need assistance during a time of distress.

As our state continues to reopen, we gratefully hope that everyone continues to stay safe and healthy. Our office is back to full staff, scheduling appointments in-person as well as over the phone. Thank you to our dedicated community who have continually supported us, and we look forward to the future ahead.

All the best,

Patrick Sgroi,
President

John Clouden
Sr. Vice President



IMPORTANT UPDATE: 2020 REQUIRED MINIMUM DISTRIBUTIONS

As of 03/27/2020 the CARES Act brings financial relief to retirees by waiving all RMDs due in 2020.

TD Ameritrade has halted the systematic withdrawals of RMDs during this time. You are still able to take withdrawals from your accounts if needed. Please consult your advisor if you have individual concerns.



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The Next Retirement Crisis

The unique challenges that face the Millennial generation & how you can help

Much has been written about the challenging retirement prospects of the baby boomers and Generation X. While many folks are on target for a financially secure retirement, some are still behind and trying to play catch up. However, if we look further down the road, we see the challenges of the baby boomers and Gen X likely pale in comparison to the retirement challenges that will be faced by the next generation, the millennials. Years ago, this generation surpassed the baby boomers as the largest living generation in the country.

A recent research paper titled “How Will Retirement Saving Change by 2050? Prospect for the Millennial Generation” written by Gale, Gelfond & Fichtner, paints a challenging picture for the millennial generation. The article discusses how millennials are deemed as a better educated group than earlier generations, which should equate to higher earning potential. They also maintain healthier lifestyles which suggests to working longer than previous generations. However, with this generation living longer, it may offset the benefit gained by working longer.

The list of unique challenges faced by this generation includes:

- **More student loan debt than previous generation.**
- **Putting off marriage, families and home ownership until later in life.**
- **Many work in the “Gig Economy” which doesn’t offer much in the way of company sponsored retirement plans like 401(k)’s.**

If all that isn’t enough, the millennial generation will likely pay the price when the government finally decides to turn their attention to fixing Social Security & Medicare. According to current estimates, the Social Security Trust Fund will go broke in 2034 without some form of government intervention. If the government does nothing, benefits will have to be reduced to 78% of the retiree’s previous monthly payment amount. Although millennials potentially won’t begin to retire until 2050, it is clear to see why they will pay either through higher taxes, reduced benefits, a later full retirement age or a combination of each.

Given these challenges, what should someone in this generation do? If your employer offers a 401(k) plan, enroll and put in what you can afford. It is recommended to take full advantage of the company match, if available. From there, increase your contribution whenever you get a raise in pay. If you don’t have the option for an employer sponsored plan, you can establish an IRA; or a 403(b) for public sector employees. If you are a parent or grandparent of a millennial, consider a gift to fund an IRA, rather than money for a vacation or non-essential purchase. Over time, this could make a huge difference to your loved one’s future.


Whatever you decide, the main idea is to start investing early to take full advantage of the power of compound interest. 🌍

Tips for Handling Anxiety During Stressful Times

Ways to cope with the nervousness associated with difficult situations

Over the past few months, our nation has faced numerous concerns due to the effects of COVID-19. Some stressors include one's health, safety, maintaining a job, isolation, and financial loss. Due to these types of stressors, our minds lead to feelings of uncertainty, instability, and overwhelming amounts of anxiety. Dr. Ted Klontz, Associate Professor of Practice at Creighton University and leading pioneer in the field of financial psychology, states 75% of Americans named money as their number one stressor before the COVID-19 pandemic.

As New York State re-opens, people will head back to their jobs, find new employment, and/or come out of the isolation that has consumed their lives these past few months. It can be an overwhelming time for some as the fear of the virus is still looming in the news and other social media platforms. Dr. Klontz recognizes that as we experience high levels of anxiety, we are additionally experiencing a 25%-50% reduction in effectiveness and efficiency in our daily lives. It is important to know and

An illustration of a hand pointing upwards, with a tightrope walker balancing on the tip of the index finger. The tightrope walker is a small red figure holding a long red pole. The background is a light blue gradient.

understand useful tips and tricks to help ease the uncertainty of the unknown, and begin again on your path of living a full life.

Tips to Handle Anxiety:

When you have a list of tasks to complete and are unsure of where to begin, start by completing one item at a time rather than rush to decide how everything can be done at once. Anxiety can make multi-tasking a difficult process.

The news media and other communications platforms tend to fill the world with consistent information before having all factual information at hand. This causes people to fear and worry about the various forms of potential misleading information. Rather than persistently listen to the media, once a day, perhaps at mid-day, take some time to get the information on the big picture at hand.

Self-Reflection and Care:

It is important to remember to take time to reflect on your wellness and self-being during times of stress and uncertainty. Acknowledging your stress and that these are stressful times we currently are facing can help you to be mindful of your internal emotions. Reflect on your time spent during the crisis; how has this time transformed you and what can be done in the future to better yourself? Find things that you do have control over, what you can see, change, learn, and note the progress on the positive changes you have made. Learn a new hobby or skill to keep your mind occupied and focused on other thoughts rather than the persistent worry of what is currently happening in the world. Ensure you are getting enough sleep at night, exercise and eat healthy to keep your body well and fit.

These are just a few ways to cope and manage the anxiety one may face during times of peril and uncertainty, as we hope they can assist you now and in the future. If you are interested in learning more about Dr. Ted Klontz and his work as a financial psychologist, check out his website:

www.yourmentalwealth.com. 

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Sgroi Financial Family Graduates of 2020



**TO THIS YEAR'S HIGH SCHOOL
AND COLLEGE GRADUATES!**

- Connor Lupkin – St. Francis High School
- Emily Clouden – Frontier High School
- Jacquelyn Olewine – West Seneca East High School
- Jake Sgroi – St. Francis High School
- Michael Jurek – Alden High School
- Peyton Dukat –
John F. Kennedy High School
- Samantha Scibrán –
Erie Community College
- Tim Sgroi –
Miami University of Ohio



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