

the SGROI FINANCIAL

NEWSLETTER

Budgeting: A Balancing Act

“Financial freedom is available to those who learn about it and work for it.” – Robert Kiyosaki



If you want to have control of your spending habits and work towards building personal financial goals, a budget is a great tool. Building a budget requires a few steps, which includes understanding the difference between needs and wants, pinpointing where you are spending vs. saving your money, and calculating your income and other accounts you may contribute to for emergencies.

Understanding Needs and Wants

At first glance, the difference between the two might seem obvious: “wants” are things you would like to have, “needs” are necessary

for daily living. Unfortunately, it’s a bit more complicated. When building a budget, the first step is understanding how the two terms differ and identifying which is which in your budget.

Needs are things that we must have to live a healthy and happy lifestyle. These items include a place to live, clothes to wear, and enough food and water that maintains your health and wellness. Wants are things such as luxury clothes or cars, eating out rather than preparing food at home, entertainment devices and service, etc. Some may argue that “want” purchases are worth the cost, and

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Tip: While you can use the old-fashioned approach of pen and paper to budget your money, consider a more efficient method like a monthly spreadsheet or budgeting app, such as EveryDollar.



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this may be true if those purchases fit into a balanced budget. When unnecessary expenses have you spending more than you can afford, that's when the trouble starts.

A great way to identify your wants and needs is to create a categorized chart or list that sections out what you spend monthly on the two types of expenses. Your categories can include high and low priority needs as well as high and low priority wants. Self-reflection on your spending can help you itemize what you can cut back on, where you can save, and how to approach building your budget.


Building Your Budget

The first step in creating your budget is to gather and write down all financial statements and monthly expenses. This can include bank statements, utility and credit card

bills, mortgage payments or rent, car payments, loans or debt, groceries, personal care, entertainment, any contributions to a savings account or emergency fund, etc. You will also want to calculate your income and how much you expect each month. If you get paid in the form of a regular paycheck where taxes are deducted automatically, use the net income (take-home pay) as your income amount. Any information that gives you accurate details on your income and expenses will help with creating a monthly average that you spend.

Once you have totaled up your monthly income and expenses, see where you stand with your saving vs. spending amounts. If your income is higher than your expenses, you are off to a good start. Should your expenses total to more than your income amount, this means you are spending more than you make and need to make some adjustments; this is where the discussion on needs vs. wants comes into play.

Extra Money in Your Budget

If you aren't already adding a certain dollar amount to an emergency fund or savings account, the extra cash in your budget could be put towards either of these options. These types of accounts should only be relied on when unexpected expenses come up, such as a high medical bill, home repairs or loss of income. By spreading the wealth in another account, you are providing yourself with a security blanket of excess cash should you be in need of it and prevents you from using a credit card or taking out a loan, which can add to more debt to pay off down the road. 



Thank You, WNY Community!

We are incredibly honored to have been nominated as "Favorites" for the Best of 716:

- "Best Financial Planning Firm" – Sgroi Financial
- "Best Financial Planner" – Patrick Sgroi



A Letter from Patrick Sgroi

A Reflection on 30 Years of Service

October 1st marked my 30th year of service at Sgroi Financial, LLC. During my time, I've had the pleasure of not only working with my father, Joe, but also my brother, Jeffrey, mother, Betsy, cousins, Brian, Devin, and Sara Clouden, uncle and aunt, John and Robin Clouden, my wife, Christa, and my eldest son, Tim. It's incredible to see how much this firm has grown since my father started the business in 1971.

Without a doubt, a big portion of thanks goes to our employees, especially those that have been with us longest; I am grateful for all their hard work, dedication, and continued support that has helped this firm reach an incredible milestone of 50 years in business. Every one of our employees works together to create a family environment, which has allowed us to flourish with the exceptional talent that we have throughout this building.

Additionally, the success of this firm would not be possible without our wonderful clients, notably those that have been with us since the time that Joe started his financial planning career. It has been an honor to not only help each of you throughout your life stages, but to also create friendships and hear about the important happenings in your lives. I'm lucky enough to say that many of you have become like family to me as I've watched and assisted you and your loved ones over the years.

When I meet with families that were clients of my father's, one memory that continuously resonates and always brings a laugh is Joe would park his car in the middle spot of the parking lot next to the front business sign every day, even on the weekends. Everyone knew what his car looked like, and it was always asked if Joe parked his car there just because or if he was working at the office. The answer, he was working! Joe's integrity and work ethic is what's led Sgroi Financial, LLC to the success of the business today.

Again, thank you to our clients and employees for your continuous love and support. I hope to continue this career path and friendships for many years to come.

All the best,
Patrick Sgroi,



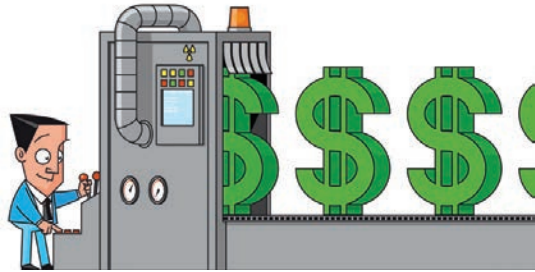
*Patrick
Sgroi*

Where Do We Go From Here?

"With a good perspective on history, we can have a better understanding of the past and present, and thus a clear vision of the future" – Carlos Slim Helu

The biggest financial news headlines over the past couple of months have been over monetary policy, specifically the Federal Reserve buying \$120 billion worth of bonds every month, when they will start to ease on these purchases (taper), and whether inflation is going to be transitory or not. "Transitory" is a fancy word economists use that means temporary. Some think that because we are coming off such low-price comparables from the COVID-19 lockdowns, prices will elevate accordingly with the end of these lockdowns as more people feel comfortable traveling, going to restaurants, movies, etc. The hard thing to do here is to figure out if inflation is transitory or not. At SgROI Financial, we feel that inflation will not be as transitory as some think.

Prices remain elevated due to a variety of factors such as labor market imbalances, the end of rent moratoriums, and rising consumer and producer prices. High savings rates provide an outlook for future consumption, which can provide a reacceleration in growth, supporting a reflationary environment. Reflation is characterized by both a bump in prices of consumer goods and a rise in wages. When more jobs are introduced, employers must compete to get the best employees, thus increasing their wages. Higher wages mean these companies have to raise prices on the goods or services they produce, leading to inflation.



This leads to the Federal Reserve having to possibly raise interest rates sooner than they expected, so the economy does not overheat. Raising rates makes it more expensive to borrow money, which slows growth and price increases.

Looking at the history of the stock and bond market can provide a template of where to go in the markets from here. Reflation is typically the beginning of the stock market cycle. What works at the beginning of this cycle are cyclical and value stocks (stocks with low valuations). This worked very well with the "reopening" trade which happened at the beginning of 2021. However, this trade has reversed in recent months, which was mainly because the delta variant was thought to slow economic activity. This could now reverse back in the coming months. Cyclical stocks that comprise the value names are reporting great earnings and banks typically do the best as they should benefit from the yield curve steepening, which boosts their profitability. We will maintain an agnostic approach to growth and value, just with a slight tilt to these value stocks for the time being. 🌍

REMINDER Medicare Open Enrollment: October 15 to December 7, 2021



During the Fall Medicare Annual Enrollment Period you can:

Enroll or make changes to a Medicare Advantage Plan (Medicare Part C) or a Medicare Prescription Drug plan (Medicare Part D).

Need to review your insurance needs? April Romanowski, Benefits Consultant for Individuals and Senior Health at Lawley Insurance, has been in the Medicare arena for over 20 years and licensed in several states including NY. April will be at SgROI Financial on **Oct. 22nd, Nov. 19th, and Dec. 3rd**. Please call 716-849-8223 to schedule an appointment.

Congratulations to this year's Pencil Project Winners!

For our 4th annual teacher promotion, five lucky teachers were selected to win \$500 towards their classrooms. This amount is theirs to provide assistance in any way needed to offer the best learning opportunities for their classrooms.

- Rebecca Durant – Iroquois Central
- Lana Pace – Orchard Park High School
- Mary Kate Hojsan – Waterfront Elementary
- Deanna Todino – Buffalo Academy of Science
- Caitlin Byrne – North Tonawanda Intermediate

Sgroi Financial is proud to support WNY teachers in our community for 50 years!

If you are a teacher or know of an educator looking for assistance with their 403(b) financial planning, Sgroi Financial is readily available for free one-hour consultations. Schedule your appointment today!



6th Annual

Jeffrey Michael Sgroi Golf Tournament

This year's tournament was our most successful yet! Together, we raised \$35,000, bringing a total of over \$196,000 raised these past six years. We cannot thank our attendees, sponsors, and volunteers enough for the love and support provided this year in celebrating Jeffrey's life. Because of these generous donations, we'll be able to continue to honor Jeffrey through many charitable initiatives that were special to him, including college scholarships to high school students at West Seneca Central School District and Saint Francis High School, donations to The Boys & Girls Club, Kids Escaping Drugs, P.U.N.T Foundation, Make-A-Wish, and more.





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