Prizant Group

RETIREMENT PLANS THAT "CLEARLY" WORK FOR YOU.

Prizant Group

AS THE WORM TURNS: Used to describe when a person or group of people who have been treated badly for a long time suddenly become

forceful and stop accepting a difficult situation.

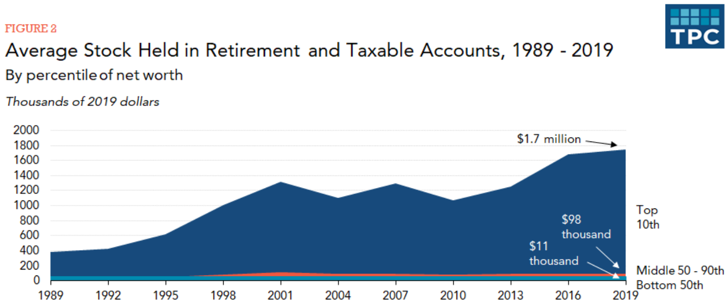
The loser becomes a winner. The expression comes from an old proverb, tread on a worm and it will turn, meaning that the lowliest individual will resent being treated badly. It appeared in John Heywood's 1546 proverb collection and was repeated by Shakespeare. Robert Browning used it in Mr. Sludge (1864): "Tread on a worm, it turns, sir! If I turn, Your fault!"

One day you're thinking that maybe you're feeling better
And you're probably an OK person, if only you had a job
Through the hollow tombs can see them
Through their mouths I can hear them praying for pain
But it's only a game
Listen, man, I know
That things are really rough
And everybody gets you
And life is really tough
But I know that deep down inside
There's a feeling that rides
All the way to the end
Thursday you sit in your room with the lights turned out
And you don't answer the door
Friday morning looks sunny and bright
Like it's going to be a good day
And it would be if only you had a job
Time is on your side, you're young
Don't waste your time today

FIGURE 2

Average Stock Held in Retirement and Taxable Accounts, 1989 - 2019

By percentile of net worth



Source: Board of Governors of the Federal Reserve System, "Survey of Consumer Finances, Interactive Chartbook."

The shock of the COVID-19 world pandemic will be felt for many years to come in terms of the economic reality of life. Rich/White In the U.S., people of color Minorities and millennials have been hit the hardest. Hard Hit The continued advance of the stock market has little financial effect on these groups. What is more shocking is that 30 U.S. Billionaires (as of 12.1.20) increased their net worth by a staggering $578.7 BILLION
Billions

Who Owns US Stock? Foreigners and Rich Americans.

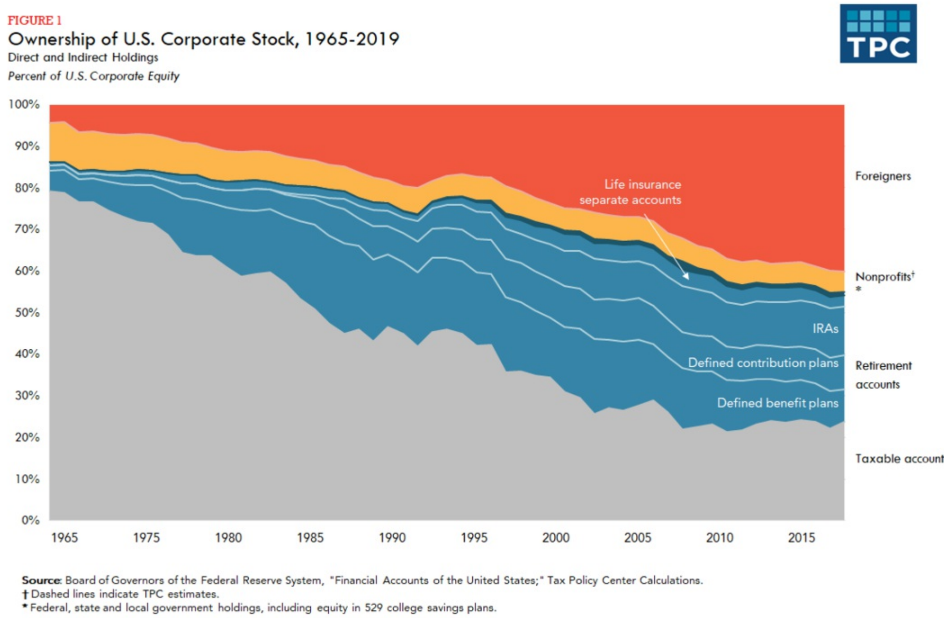
Our new analysis shows that foreign investors owned about 40 percent of US corporate equity in 2019, up substantially over the last few decades. Retirement accounts of US households owned about 30 percent in 2019, and the taxable accounts of US investors owned about 25 percent, which is most of the rest.
Our new working paper reaffirms the shift in US equity ownership to tax-exempt accounts, from taxable accounts, which Lydia Austin and I first described in a 2016 article, and particularly the shift to foreign investors, which I highlighted in a 2017 article.

Our new analysis also examines more closely the ownership of stock by US households (combining equities held in both retirement and taxable accounts, in blue and grey above) with data published last month based on the Federal Reserve's 2019 Survey of Consumer Finances.

The Fed found that the average household in the richest tenth of US households, by net worth, owned vastly more stock than those in the bottom half. That is, those households that owned stock in the wealthiest 10 percent of households, owned an average $1.7 million of stock while those in the bottom 50 percent owned an average of only about $11,000. Virtually all (94 percent) of the wealthiest 10 percent of households owned stocks, while only about a third (31 percent) of the bottom 50 percent owned stock, either directly or indirectly (e.g., through mutual funds). (Tax

Policy Center-10.20.20)

Equity Ownership



Experts or so called, have a myriad of opinions on ways to bridge the schism between the **"Haves and Have Nots"** Greater Federal/State/Local financial support for minority education, home ownership, and business ventures is one way to solve the problem. Certain diversity initiatives focusing on corporate America would also be helpful. Furthermore, "De Facto Segregation" needs to be addressed in a major way. As for income in retirement, I thought the concept laid out below is a **BRILLIANT** (as the Brits would say) idea.

Want to solve the retirement crisis? Invest $7,500 for every baby born in America
A one-time $7,500 contribution at birth could potentially change everything for a future retiree.

Many Americans haven't saved enough for retirement, and end up relying on Social Security to fund their old age. For some, Social Security makes up 90% of their retirement income. For others, it could be about 50%. This federal program, which doles out an average monthly benefit of about $1,500, was never meant to be the sole source of retirement income for older Americans. One recent proposal aims to change that.

As part of his work with the Stanford Center on Longevity, Ric Edelman, chairman and co-founder of Edelman Financial Engines, proposed a new vehicle to generate an additional source of retirement income. "This account, just like Social Security, would be untouchable," Edelman said.

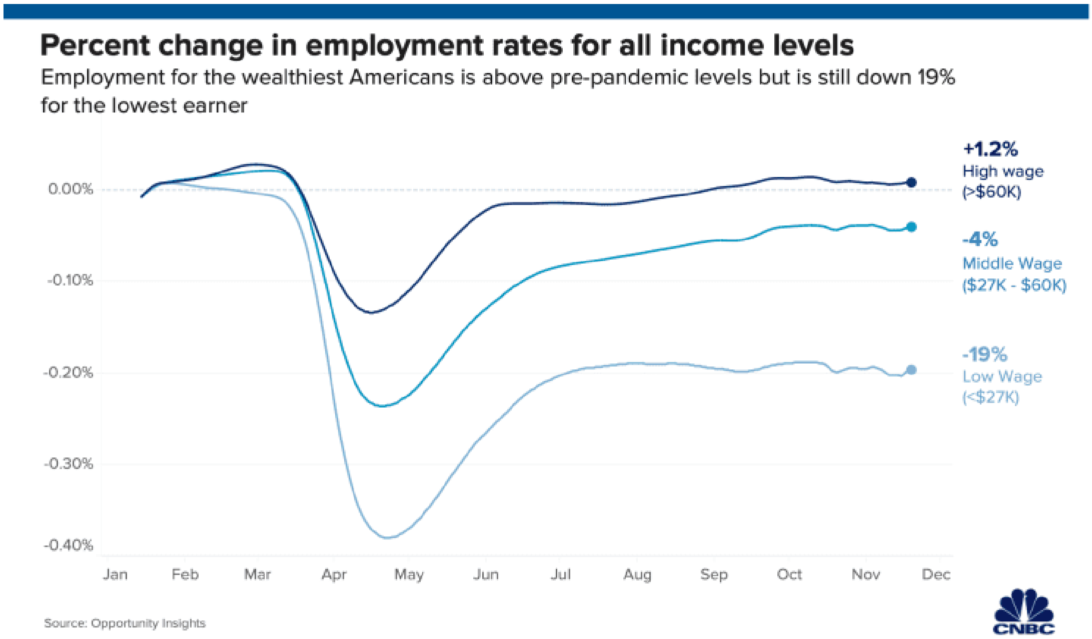
The program, called the T.R.U.S.T. Fund for America (short for Tomorrow's Retirement for the U.S. Today), looks like this: when born, every baby receives $7,500 in an account managed by an independent agency of the federal government. The money is placed in a new type of EE Savings Bond, called the "T.R.U.S.T. EE" Bond, which would be issued by the Treasury Department. The total amount of bonds issued would be about $29 billion a year, assuming about 4 million babies are born, and would be self-funding, he said.
At age 70, the account would begin generating monthly income to be, on average, equivalent to Social Security benefits. The benefit is meant to supplement Social Security.

The money would last them until their 100th birthday, well past the 80-plus-year life expectancy for Americans.

If someone were to die before turning 100, the leftover funds in that account would be returned to the Treasury Department to be distributed to those who live to be older than 100.

Americans need as many sources of retirement income as they can get. The trust funds that support Social Security are expected to run out of money within the next 15 years, and if that happens, beneficiaries would only receive 80% of what they're owed. At the same time, many Americans do not save enough for their futures — sometimes because they can't afford to do so, and other times because they don't have access to efficient accounts. Even when workers do have a nest egg, they may have to tap those accounts for emergency situations, or other financial obligations, like paying down debt or buying a home. Private-sector pensions are increasingly rare, and more companies have shifted to a defined-contribution plans, like a 401(k).

Newborn



I am not alone in stating that the present private retirement system has been an abject failure (and my business is 100% ERISA retirement plans!). The numbers are the numbers and they ain't pretty! Something must be done for future generations or the protests in the streets that you witnessed this summer will look like a grammar school playground compared to the possible scenarios. You do not have to believe me, just take a look at the link below and noodle those balances by age.

Savings by Age

The radical income disparity that has **"Reared Its Ugly Head"** during this pandemic is **NOT** going away. The answer needs to be a partnership between government and the private sector in an attempt to lessen the gap. Historically, most violent revolutions have been caused by economic distress of the masses. The U.S. has enough political strife these days between Red/ Blue states, Left /Right, and Rural/Urban. There is no lack of combustible materials in America that a little, old spark couldn't set the whole, damn house on fire.

Not Televised

We, at The Prizant Group, are fully aware of the paltry amount of savings that most of our participants have in their retirement plan accounts. We watch them elect minuscule deferral elections (or none at all), take loans, hardship distributions, fail to rollover assets when they leave a job, and let their money sit in the "Cash Account." Most participants do not have a clue what their monthly Social Security payment will be at Normal Retirement Age or any age for that matter! We have seen how "Automatic Enrollment/Automatic Deferral Escalation" has worked wonders with large entities, but will not take hold in the private sector world. We are amazed when the first expense item that companies cut is their retirement plan matching or profit sharing. Nonetheless, we will carry-on with our mission of preaching retirement savings gospel of starting with a reasonable deferral percentage (3-6%) and increasing it 1% a year (Hey, **IT WORKS)**

Oh, Sisyphus, we feel your pain.

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