

# Keith Swift

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Dear Client and Friend,

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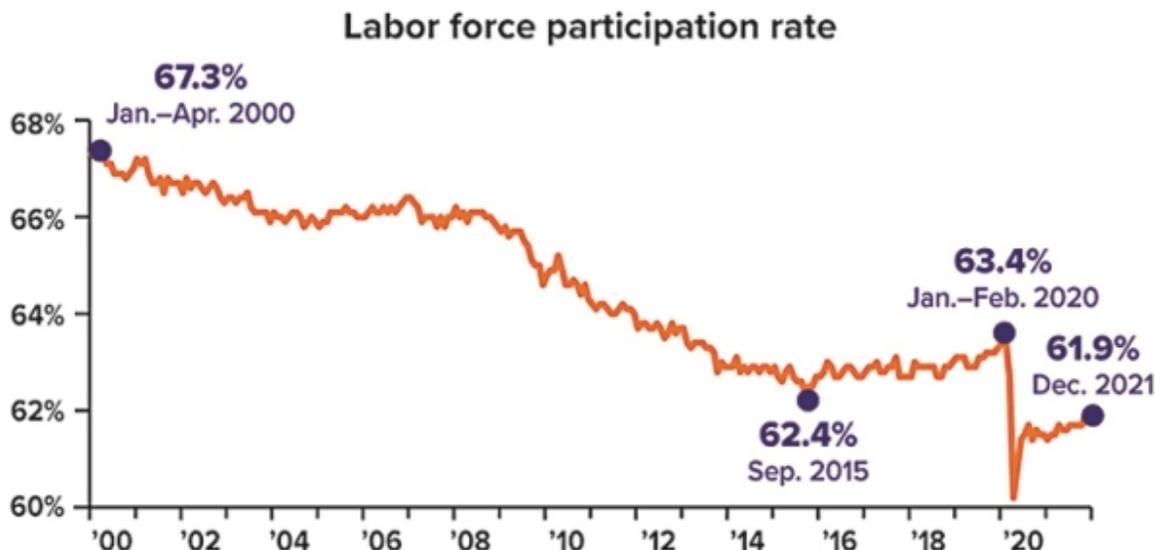
Sincerely,

Keith Swift

## Where Are the Workers?

The labor force participation rate — the percentage of Americans age 16 and older who are working or actively looking for work — peaked in early 2000, when it began to drop due to aging baby boomers and more young people in college. Participation was rising before plummeting at the onset of the pandemic.

The rate has only partially recovered due in large part to accelerated retirement among workers age 55 and older. Other reasons include fewer child-care workers, reduced immigration, and many workers unwilling to return to low-paying jobs. Some experts believe it may never return to pre-pandemic levels. The question for the U.S. economy is whether technology and other productivity measures can maintain economic growth with a smaller percentage of the population in the workforce.



Sources: U.S. Bureau of Labor Statistics, 2016 & 2022; *The Wall Street Journal*, October 14, 2021; CNN, December 15, 2021

# Smoothing Market Ups and Downs

After the wild ride of 2020, the U.S. stock market was relatively calm in 2021, but there was still plenty of volatility. There were 55 days when the S&P 500 index — generally considered representative of U.S. stocks — closed with a rise or fall of 1% or more from the previous day's closing price. And there were seven days with a change of more than 2%.<sup>1</sup>

The good news for investors is that the trend was generally upward, and the S&P 500 ended the year up almost 27%.<sup>2</sup> But no matter which way the market is moving, trying to choose the "right" time to buy or sell can be stressful and counterproductive.

An investor who waits to buy may be frustrated as prices rise and then decide to stop waiting and purchase securities just before prices drop. On the other hand, an investor who sells when prices are dropping may lock in losses and miss out on gains when the market turns upward again. That's why one of the most fundamental maxims of investing is "you can't time the market."

One approach that might help steady your blood pressure and build your portfolio over time is *dollar-cost averaging*.

## A Consistent Strategy

Dollar-cost averaging involves investing a fixed amount on a regular basis, regardless of share prices and market conditions. Theoretically, when the share price falls, you would purchase more shares for the same fixed investment. This may provide a greater opportunity to benefit when share prices rise and could result in a lower average cost per share over time.

If you are investing in a workplace retirement plan through regular payroll deductions, you are already practicing dollar-cost averaging. If you want to follow this strategy outside of the workplace, you may be able to set up automatic contributions to an IRA or other investment account. Or you could make manual investments on a regular basis, perhaps choosing a specific day of the month.

You might also use a similar approach when shifting funds among investments. For example, let's say you want to shift a certain percentage of your stock investments to more conservative fixed-income investments as you approach retirement. You could execute this in a series of regular transactions over a period of months or years, regardless of market movements.

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## Steady Investments

If Tina invested \$6,000 in a security with a \$50 share price in month one, she could purchase 120 shares. If instead she invested \$1,000 each month over a six-month period, she might be able to accumulate more shares for the same dollar investment, which could result in a lower average cost per share.

Month	Amount invested	Share price	Shares acquired
1	\$1,000	\$50	20.00
2	\$1,000	\$55	18.18
3	\$1,000	\$45	22.22
4	\$1,000	\$40	25.00
5	\$1,000	\$50	20.00
6	\$1,000	\$55	18.18
<b>TOTAL</b>	<b>\$6,000</b>	<b>[\$295 ÷ 6]</b>	<b>123.58</b>

Average price per share: \$49.16 ( $\$295 \div 6$ )

Average cost per share: \$48.55 ( $\$6,000 \div 123.58$ )

This hypothetical example is based on mathematical principles and used for illustrative purposes only; it does not represent the performance of any specific investment. Actual results will vary.

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Dollar-cost averaging does not ensure a profit or prevent a loss, and it involves continuous investments in securities regardless of fluctuating prices. You should consider your financial ability to continue making purchases during periods of low and high price levels. However, dollar-cost averaging can be an effective way to accumulate shares to help meet long-term goals.

*Asset allocation is a method used to help manage investment risk; it does not guarantee a profit or protect against investment loss. All investments are subject to market fluctuation, risk, and loss of principal. When sold, they may be worth more or less than their original cost.*

1–2) S&P Dow Jones Indices, S&P 500 index for the period 12/31/2020 to 12/31/2021. Retrieved from FRED, Federal Reserve Bank of St. Louis. The S&P 500 is an unmanaged group of securities that is considered to be representative of the U.S. stock market in general. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. Past performance is not a guarantee of future results. Actual results will vary.

# 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."<sup>1</sup> 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.

## 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.\*



\*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

## 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.<sup>2</sup> 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."<sup>3</sup>

So how does this apply to your finances? As Hank Aaron put it, "Failure is a part of success."<sup>4</sup> 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."<sup>5</sup>

## 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!"<sup>6</sup>

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."<sup>7</sup>

*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

# 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.<sup>1</sup>

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.<sup>2</sup> 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 employer-sponsored retirement plan. 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



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