



SULLIVAN ASSOCIATES

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Uncertainty Reigning

Interest Rates Explained

Common Scams and How to
Avoid Them

A wealth management practice providing tailored solutions
through a collaborative client experience for over 35 years

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The Financial Advisor Newsletter

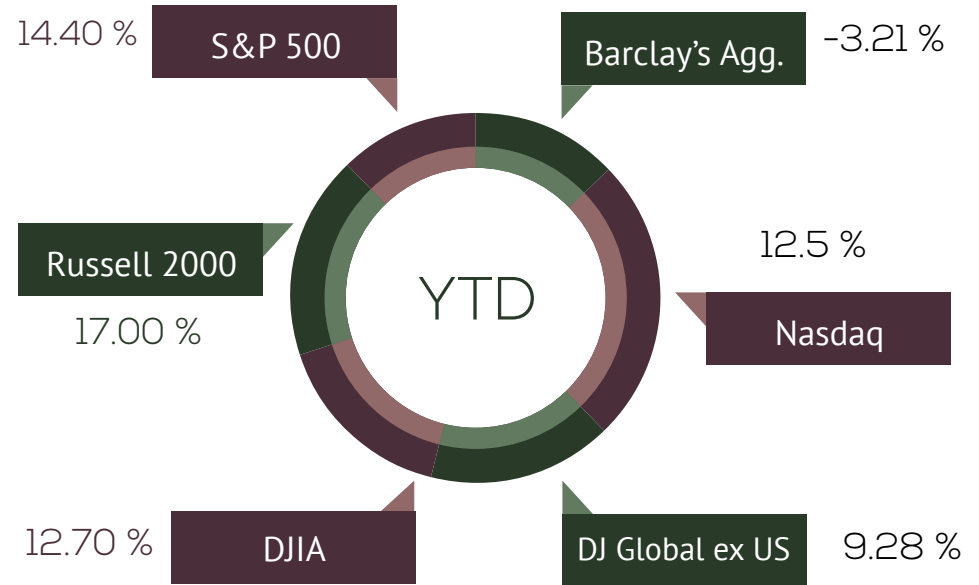
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CONTENT

- 2 Uncertainty Reigning
- 3 Sullivan & Associates News
- 4 Beware of Summer Doldrums
- 5 Interest Rates Explained
- 7 Common Scams and How to Avoid Them

Front cover photo taken by Patrick L. Sullivan

ECONOMIC SNAPSHOT



Source: WSJ, July 1, 2021. Inclusion of these unmanaged indexes is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will effect actual investment performance. Individual investor results will vary. Past performance does not guarantee future results. The Dow Jones Industrial Average (DJIA), commonly known as "The Dow," is an index representing the stocks of 30 companies maintained and reviewed by the editors of the Wall Street Journal. The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. The Nasdaq composite is an unmanaged index of securities traded on the Nasdaq system. The Dow Jones Global ex US is a stock market index measuring equity securities traded globally in 64 countries, excluding the U.S. The Barclays Capital US Aggregate Bond Index is a benchmark index composed of US securities in Treasury, Government-related, Corporate, and Securitized sectors. The Russell 2000 index measures the performance of the 2000 smallest companies in the Russell 3000 Index, which represent approximately 8% of the total market capitalization of the Russell 3000 Index.

KEVIN'S VIEW

UNCERTAINTY REIGNING

It's hard to believe we are more than halfway through 2021 given how large its predecessor looms. 2020 is etched deeply into our communal consciousness and its effects will linger for a long time. A common thread in most conversations with clients or presentations from economists is heightened uncertainty. Whether it is about COVID, world politics, U.S. politics, the economy, or a number other topics there exists a feeling of being un-moored. Let's look into each of those areas and see if we can find some solid ground.

Let's start with COVID, the latest discussion seems to be focused on the Delta Variant. The variant appears to be more virulent and is moving quickly through the un-vaccinated population. However, while the vaccines don't offer total protection, they do seem to be keeping the vaccinated out of the hospital which is a significant benefit. As of right now we don't expect to see a large economic impact from the variant, but that may change.

The economy, overall continues strongly into reopening, although we continue to see dislocation in the labor market and building materials. Despite political

rhetoric, the labor situation is not simply just enhanced unemployment benefits. It is a combination of enhanced benefits along with a population that is moving to different locals (often smaller ones) and recalibrating worker expectations in a post-pandemic economy. A recent survey noted that almost 40% of respondents said they would consider quitting if their employers were not flexible about working from home. Employment changes brought on by COVID are here to stay. On the other hand, the recent spike in building materials is likely temporary. Most of the sudden jump in product prices like lumber seem to be related to COVID restrictions rather than a longer-term effect such as raw material shortages. We will likely see the costs associated with materials come down and settle at a lower point, but still elevated above pre-pandemic levels.

From a U.S. political point of view, we will probably see an infrastructure bill of some type pass in the coming months. Beyond that it is hard to say what we will see out of Washington D.C. as political gridlock continues to reign supreme. We will be keeping an eye out for changes to the tax code so we may

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appropriately advise our clients.

On a global scale, there has been a lot of focus on the growing “Cold War” between the United States and China. Taiwan is a focal point and will continue to draw attention and concern. While there does not seem to be any imminent action likely, any increased tension in the region would be cause for concern. Beyond that we continue to see a large wave of cyber incursions that businesses and governments around the world are working at a fever pitch to try to get under control. This is likely a problem that will get worse before it gets better.

Finally, one question we field a lot is regarding inflation. We are currently experiencing a spike in inflation. While acknowledging the current state of affairs, we are a far cry from returning to the 1970’s in America; a period of high inflation. Significant deflationary pressures continue such as technology, an aging population, and globalization. Although the benefits of globalization are starting to wane when looked at through a post-pandemic lens.

For investors, flexibility in the face of uncertainty is the order of the day. While uncertainty typically is characterized by a sense of foreboding, it also contains the elements of renewal and progress. With renewal and progress come new opportunities and those are where investors may be able to benefit.

As always, if you have concerns about your financial picture, please reach out to us. We would love to schedule an appointment either by phone, video conferencing, or in person. □

SULLIVAN & ASSOCIATES NEWS

Please join us in welcoming Katee Driscoll to the Sullivan & Associates team!

Katee is joining Sullivan & Associates as a Registered Client Service Manager. Katee is a registered representative and has been in the financial services industry for 8+ years. She was also in the Colorado Springs Health Insurance industry for 15+ years. Her in-depth knowledge of client servicing and attention to detail, makes her an invaluable asset to our team. Before joining our team, she was the main point of contact for several hundred client accounts at her previous firm. She has her Life, Accident & Health License and Series 6 Securities License. She is currently pursuing her Series 7.

She is also a Certified Keto, Carnivore & Pn1 Health Coach and is passionate about fitness & nutrition. She was active in the community as a Youth Sports Manager. Notably, she was the President’s Day Tournament Opening Ceremonies Director for several years with Colorado Springs Amateur Hockey Association.

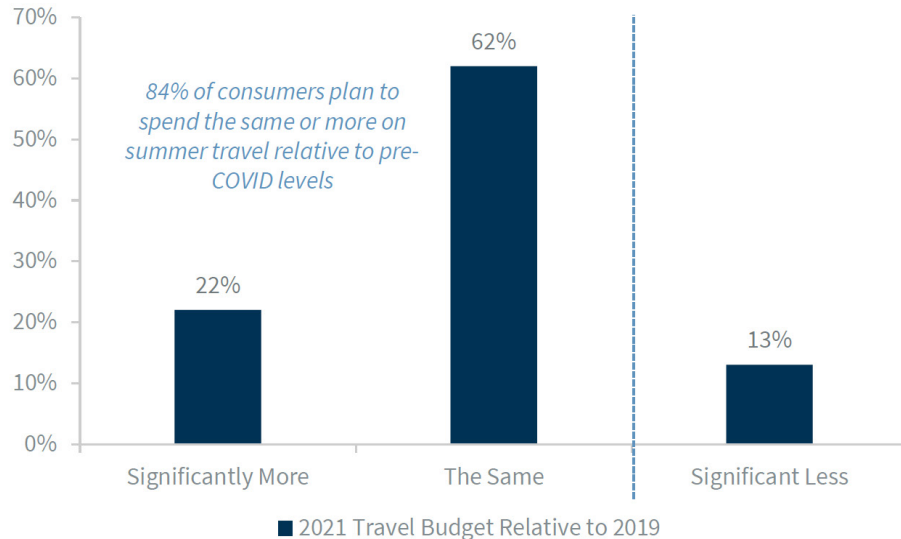
Both Katee and her husband, John, are New Englanders (NH and MA respectively). Although they grew up 3 hours apart from each other, they met in Colorado Springs and decided to stay and raise their son here. She spends her days lifting weights with her husband, hiking with their two dogs, and

BEWARE OF SUMMER DOLDRUMS

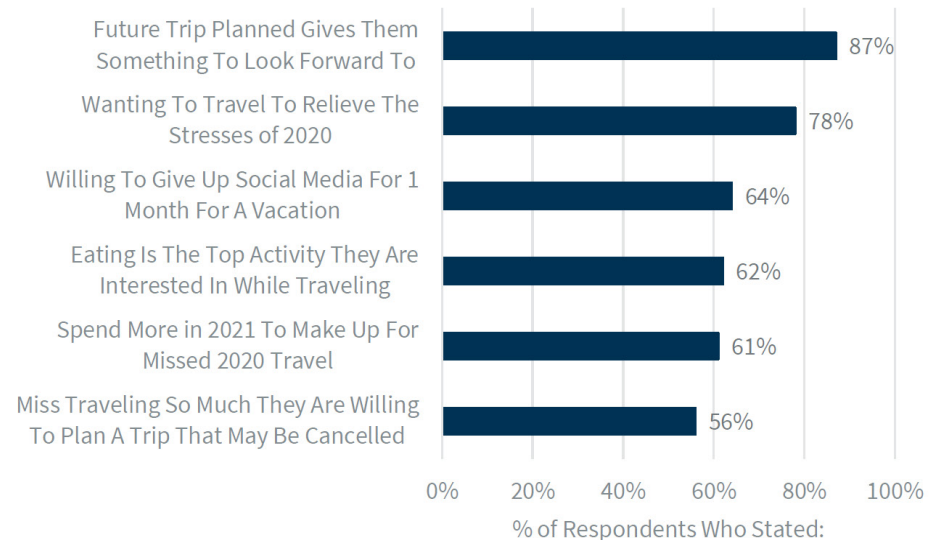
After a year of social distancing, people are ready to travel over the summer months

For those that have looked to book upcoming trips, it is clear that the summer months are likely to see a sharp uptick in vacation related travel. In fact, 84% of consumers plan to spend the same or more on summer travel relative to pre-COVID levels. Consumers are looking to travel in order to escape the virus-related stresses and partake in activities that have been toward the top of the restriction list (e.g., visiting restaurants). Some are willing to forgo social media and risk cancellations just to put travel back on their calendars.

Vacation Plans Back to Pre-Pandemic Levels



Heightened Desire To Travel



Interest rates explained

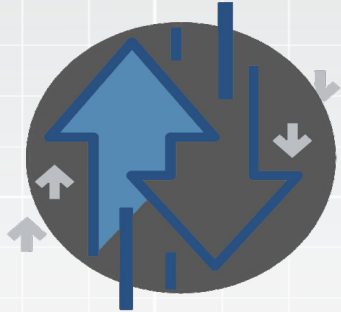
Explore how the Fed keeps the economy on track through monetary policy, and how it moves ultimately ripple outward.



The Federal Reserve

The central bank of the U.S. helps keep the economy stable.

Tools



- Raising and lowering the federal funds target rate
- Buying and selling securities to adjust the money supply

Goals



- Low unemployment
- Inflation ~2%

The ripple effect



Fed increases money supply

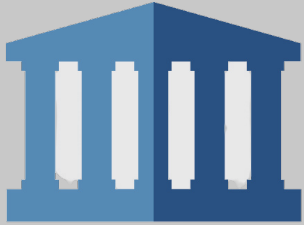
- more money available spurs
- lower rates
- cheaper to borrow
- encourages spending
- boosts economic activity

Fed decreases money supply

- less money available spurs higher rates
- more expensive to borrow
- encourages saving money
- slows down the economy



FUN FACTS



The “10 dollar founding father,” Alexander Hamilton laid the foundation for the Federal Reserve, creating the nation’s original central bank.

The Fed has been led by some brilliant minds. Former Fed Chair Janet Yellen was named by Nobel laureate Joseph Stiglitz as one of his brightest students. Another Fed alum, Ben Bernanke, taught himself calculus in school.

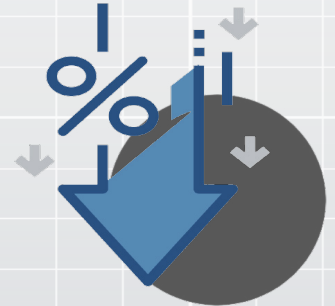


Highs and lows



- Highest federal funds rate: 20%
- Catalyst: Runaway inflation in 1979 and 1980

- Lowest federal funds rate: 0%-0.25%
- Catalyst: Pandemic in 2020



COMMON SCAMS AND HOW TO AVOID THEM

Familiarize yourself with these common swindles, often targeting retirees.

As we age, we may become more susceptible to fraudsters who make a living preying on retirees. This can be especially true for widows and widowers who are making decisions alone and may be particularly trusting of friendly strangers. In order to protect ourselves and those we love, it's important to be aware of the most common scams older Americans fall for.

1) **Lottery Scam**

You get an unsolicited phone call or email saying you've won a large prize. All you need to do is send money to pay for shipping, taxes or some ancillary fee. You send the money, but the fictional prize never arrives.

2) **Grandchild Scam**

Your grandchild calls to confess her troubles. Or so you think. It's not uncommon for someone posing as your grandchild to call and, preying on your compassion, claim to be in a crisis situation and need money urgently. She may also beg you not to call her parents (which would give the scam away).

3) **Charity Scam**

You donate to one charity and end up being on every charity list. That's because they sell your name, phone number and email to other nonprofit and commercial organizations. These could include companies with similar names to charities you support – but they exist solely to scam donations.



4) **Computer Scam**

Someone calls pretending to be from a major company, such as Microsoft, and says he can see that your computer has a virus. He offers to help you get rid of it by asking you to log into a website that lets him control your computer – then steals your ID information.

5) **Timeshare Scam**

If you own a timeshare, you may get a call from someone claiming they're authorized to sell it for you, for a fee. After paying, however, you never hear from them again.



6) **Homeowner Scam**

A man comes to your door and offers to clean your gutters or trim your trees, which sounds like a good idea. Until he asks for prepayment and never completes the job.

7) **Medical Scam**

You get an unsolicited call about a discounted price for some kind of medical equipment (i.e., heart monitor, wheelchair or bathtub bench). He asks for a deposit and your personal information or Medicaid number to send the equipment, which never arrives.

8) **Foreclosure Scam**

You're approached by a "professional" who claims your home is under threat of foreclosure and offers to pay off your mortgage or taxes if you sign over the deed to the property. With your deed, the fraudster can then refinance the mortgage for the full value of your home and take the money. Keep in mind, even if you sign over a deed to someone, you are still liable for your mortgage obligations.

9) **Caregiver Scam**

These predators claim to care deeply for your well-being, but after winning your trust, they gain access to your accounts to steal money or identity information.

10) **Title Company Scam**

Before purchasing or closing on a new property, a scammer intercepts an email from your realtor or title company. You're then sent fraudulent payment instructions to complete the transaction. Red flags include last minute changes to instructions, a change in tone or word choice from prior emails, a new sender address and multiple payment requests. These scams are common and widespread. But speaking with trusted loved ones or your financial professional before making decisions can help you avoid these traps. Additionally, keep in mind these tips for staying safe:

- Don't pay for things you don't remember ordering.
- Don't give your personal information to unknown third parties.
- Work with financial institutions that use fraud protection to safeguard your credit card and banking information.
- Don't click links in the body of suspicious emails, especially if they claim to come from your bank, credit card company, realtor or title company. Instead, log in to the company's official website or call them directly to verify.
- Don't let strangers into your house. Instead, ask for a business card and say your spouse, kids or lawyer will be in touch.
- Be wary of caregivers and suitors, especially if you notice signs of substance abuse or other red flags.
- Limit the purchases and donations you make by check, which may list your home address or other key data.



Source, Raymond James

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