

Welcome back to Portfolio Rescue, folks. It's Duncan here, and today we're diving into the tumultuous waters of the current market situation. It's been a bit rough lately, with speculative investments taking quite the beating. But hey, I'm a glass-half-full kind of guy, and I want us to explore some positives amidst this drawdown.

Let's start with a reality check – getting rich overnight isn't easy, and it certainly isn't normal. I mean, come on, throwing ten grand into some internet token and expecting a lifetime's worth of earnings? That's just a joke. This market phase is a reminder that building wealth is a gradual process. So, let's talk about where the real players are, now that all the charlatans and bad advice-givers have been exposed.

I posted this on Twitter yesterday – pandemic, crazy inflation, and two bear markets – but guess what? The S&P 500 is still up 26% since 2020. Wrap your head around that. And here's a chart to prove it. Stocks are actually getting cheaper despite all the chaos. Forward P/E ratios are still a bit elevated, but mid-caps are below where we were in the 2018 bear market. Interesting, right?

Now, let's address some questions from you, the viewers. One of you is contemplating shifting your portfolio allocation during this bear market. The key here is not overreacting. It's a tricky game, but consider whether your goals and circumstances really demand a change. Don't forget to evaluate the situation through a long-term lens. It's all about staying the course and not letting short-term market moves dictate your strategy.

And then, we touch on the evergreen topic of retirement withdrawals. Someone's pondering the famous four percent rule but with a twist – withdrawing enough for a comfy life and still growing the retirement portfolio for the kids. Now, that's a thoughtful approach. It leads us to a discussion about soft landings and hard landings regarding the Fed's actions. I'll break down what these terms mean in market terms, and we'll explore the potential implications.

Finally, we round it off with some wisdom for our younger investors out there. Your biggest asset right now? Time. So, automate your savings, automate your investments, and don't let the market's ups and downs consume your every thought. Remember, bear markets can be your friend when you're in it for the long haul.

So, grab your notepads, folks. We're diving deep into portfolio strategies and market dynamics today on Portfolio Rescue.

Alright, so "Portfolio Rescue" is this fantastic show where I, Ben Carlson, tackle your burning financial questions head-on. Every week, we dive into the inbox, sorting through your inquiries on everything from personal finance to investing strategies and beyond. It's all about providing you with the insights and perspectives you need to navigate the complex world of finance.

You see, when you've been creating financial content as long as I have, you start to realize something—there's no shortage of questions out there. People from all walks of life, with varying financial situations, turn to us for advice and guidance. And let me tell you, the questions we receive can range from the hilarious to the downright perplexing. But hey, that's the beauty of it all.

Now, before we dive into today's questions, let me make one thing clear: while we're here to offer insights and opinions, this show is for informational purposes only. So, as much as we'd love to be your go-to financial advisors, always remember to do your due diligence and consult with professionals when making important financial decisions.

Alright, let's get down to business. We've got a wide array of questions to tackle, covering everything from retirement planning to tax strategies to the ever-popular topic of real estate investing.

So, buckle up, folks. It's going to be a wild ride filled with financial insights, expert opinions, and maybe even a few laughs along the way. Stick around, and let's dive into today's questions!

Alright, let's break down what we just heard on "Portfolio Rescue." Today's episode delved into the age-old dilemma: where should you save for your down payment? With interest rates at historic lows, it's a question many are pondering. Here's a rundown:

- We started by addressing a viewer's concern about whether to save or invest for a down payment on a house. Given the paltry returns on savings accounts, investing seems tempting. But, of course, with investing comes risk. I broke down the historical performance of the S&P 500 and a 50-50 portfolio over various time horizons, emphasizing the potential upside and downside.

- Then, we segued into the broader demographic shift, noting how baby boomers are transitioning from net investors to net withdrawers, and millennials are stepping up to take their place. This shift has implications for the stock market and investment strategies.

- Next, we explored the merits of interest-only loans versus fixed-rate mortgages, drawing on personal anecdotes and insights from financial experts. It's all about weighing the pros and cons and finding what aligns best with your financial goals.

- Finally, we touched on the unique scenario of ESOP benefits and the considerations when deciding between a 401k and company stock. It's a balancing act between tax implications and potential growth.

So, whether you're eyeing that dream home or planning for retirement, remember, there's no one-size-fits-all answer. It's all about understanding the options and making informed decisions based on your own financial situation and goals.

Alright, let's break down these points.

1. **Housing Market Dynamics**: So, we're seeing some significant movements in the housing market lately. People are grappling with whether they should sell their homes to capitalize on these gains or stick with ownership. It's a real debate.
2. **Investing for Children**: Now, when it comes to setting up investments for our kids, there are a few options on the table. You've got your 529 plans, brokerage accounts, and more. Each has its perks, like tax benefits and getting the ball rolling on financial literacy from a young age.
3. **Financial Independence/Retire Early (FIRE) Movement**: Ah, the FIRE movement. Saving aggressively is fantastic, no doubt about it. But what happens after you retire early? Do you have a plan for that? It's essential to consider your life's purpose post-retirement and find a balance between saving and enjoying life.
4. **Flexibility in Retirement Savings**: Now, here's an interesting one. Should you max out your 401k? It's the conventional wisdom, right? But hold on a sec. Let's think about fees, investment options, and what your goals are. Maybe a mix of retirement accounts and taxable ones is the way to go for more flexibility.
5. **Personal Finance Mindset**: Lastly, let's talk mindset. It's essential to strike a balance between responsible saving and guilt-free spending on things that truly matter. We're talking about creating meaningful experiences here while also securing your financial future. It's all about finding that sweet spot.

Sure, let's break down the key points from this episode titled "Is a 90/10 Portfolio Too Risky For Retirement? | Portfolio Rescue." First off, the hosts kick things off by thanking viewers for their questions and clarify the disclaimer that the show is for informational purposes only.

Then, they delve into a viewer's query about the suitability of a 90/10 portfolio for retirement. They stress that there's no one-size-fits-all answer and highlight the importance of considering individual circumstances and risk tolerance. They use a driving analogy to illustrate that what's considered risky or safe depends on personal perspective and needs.

Moving on, they tackle a question from millennials in the California Bay Area debating between buying an older home versus new construction. They discuss the trade-offs between

customization options and potential maintenance costs, emphasizing the need for careful consideration.

Next up, the discussion shifts to municipal bonds, exploring their benefits, particularly their tax advantages for high-income taxpayers. They explain the concept of tax-equivalent yield and highlight the importance of considering state-specific tax exemptions.

Finally, they address a listener's concern about a concentrated portfolio at age 46, advising on the importance of diversification to mitigate risk and manage tax implications effectively. They stress the need for a solid plan to ensure long-term financial stability.

Throughout the episode, the hosts provide practical insights and advice, acknowledging the complexity of financial decisions and the importance of tailored strategies for each individual's situation.

Sure thing! So, on "Portfolio Rescue," we often receive a diverse range of questions from our viewers, and today's episode was no exception. As we delved into our discussions, we couldn't help but notice the upcoming Thanksgiving holiday, prompting a brief exchange about our plans for the festive occasion.

Now, let's dive into the meat of the episode. One viewer, in their mid-60s, sought advice on their investment portfolio, particularly their heavy allocation in tech stocks. We delved into the nuances of balancing portfolio income with total return, shedding light on the potential pitfalls of chasing high dividend yields without considering overall investment performance.

Another viewer raised concerns about career decisions amidst a competitive job market. Drawing from personal experiences and industry insights, we explored the delicate balance between learning and earning, emphasizing the importance of long-term career growth over short-term work-life balance.

Shifting gears, we addressed a viewer's query about managing finances during unemployment. With practical tips and strategic advice, we discussed the significance of maintaining a financial cushion, optimizing retirement savings, and exploring investment opportunities during uncertain times.

Lastly, we tackled the crucial topic of teaching financial literacy to teenagers. Drawing from personal anecdotes and professional expertise, we highlighted the importance of instilling financial awareness from a young age, emphasizing concepts like earning money, understanding compound interest, and starting with basic financial responsibilities like allowances and chores.

Overall, today's episode offered a diverse array of insights and practical advice to our viewers, reflecting our ongoing commitment to empowering individuals with financial knowledge and strategies for success.

Alright, let's break it down. So, in this episode of "Portfolio Rescue," we dive into a range of topics surrounding financial planning and investing. The main focus here is on steering clear of significant losses in the stock market. Now, one of the questions that comes up is about the housing market frenzy, where folks are feeling the pressure to buy homes amidst soaring prices. We explore the upsides and downsides of homeownership, discussing it not only as a potential long-term investment but also as a lifestyle choice.

Then, there's the matter of inheritance planning, sparked by Shaq's perspective on not just handing over wealth to his kids without instilling a sense of responsibility. We weigh in on striking that balance between providing financial assistance and ensuring our children understand the value of hard work.

Moving on to portfolio management, we tackle the age-old question of diversification versus concentration. We stress the importance of not putting all your eggs in one basket, advocating for a mix of index funds and individual stock investments.

And of course, we can't overlook the art of spotting potential losers in the stock market. From technological shifts to management blunders, we discuss the various factors at play and suggest using technical analysis to manage risk effectively.

So, in a nutshell, this episode is all about arming you with the knowledge and strategies to navigate the financial landscape and safeguard your investments against major setbacks.

Sure, let's dive into each point with some context as if I'm speaking directly:

- **Introduction to "Portfolio Rescue" show with special guests and mention of audience-driven topics:** So, on today's episode of "Portfolio Rescue," we've got some special guests joining us, and as always, we're delving into topics that you, the viewer, have sent in. It's great to be here with Duncan, and we're ready to tackle some questions.

- **Discussion about retirement planning, particularly the influence of a lifetime pension on investment strategy and risk tolerance:** Our first question comes from Mike, a firefighter in

South Carolina with a unique retirement situation. He's considering how his pension might impact his investment approach. This is a question we get a lot, and it's a good one. Having a pension certainly affects how you think about investing for the future.

- **\*\*Value assessment of a pension and its implications for financial planning:\*\*** Now, let's break down the value of Mike's pension. I reached out to our data expert, Nick, to crunch the numbers, and it turns out, Mike's pension could be worth quite a lot. This kind of steady income stream can significantly impact financial planning decisions.

- **\*\*Consideration of borrowing against securities in a portfolio and associated risks:\*\*** Moving on to another topic, let's talk about borrowing against your portfolio. It's a strategy some people consider, especially when they need liquidity. But it's essential to understand the risks involved, especially in volatile markets.

- **\*\*Analysis of government bond yields and their signal amidst monetary policy actions and market dynamics:\*\*** Finally, let's touch on government bond yields. With inflation on the rise and the Fed's monetary policies in play, the bond market is sending some mixed signals. But what does it all mean for investors? Let's unpack that.

By addressing these points, we're not only exploring key financial topics but also providing practical insights for our audience.

Alright, let's break this down. We're diving into the Portfolio Rescue show, where we tackle the age-old question of balancing the joys of today with the security of tomorrow. So, Patrick from Dublin hits us with a classic query: How do us young folks strike that balance between having fun and squirreling away cash for the future?

Well, Patrick, it's a conundrum we've all faced. You see, there's this magical thing called compounding, where if you start saving early, you can end up with a hefty chunk of change down the road. But hey, we're not here to be Scrooges, right? Life's for living, too. That's why I'm all about starting small with savings, gradually ramping it up as you climb the career ladder. And hey, sometimes you gotta make trade-offs. Maybe it's living in a less-than-stellar apartment now to save up for those epic adventures later.

Now, onto the next question: helping mom invest \$50,000. It's a noble endeavor, but before diving in, we've gotta understand Mom's risk tolerance and timeline. No two investors are alike, after all. And hey, let's not forget about the tax implications. We've got Bill, our tax guru, dropping some knowledge bombs on why timing is everything when it comes to selling

stocks. So, Patrick, and all you other folks out there, remember: balance is key, and it's all about finding that sweet spot between enjoying today and securing tomorrow.

Alright, so we're diving into this question about whether cryptocurrency could potentially spell trouble for the stock market. It's an interesting topic, and there are a few key points to unpack here:

First off, let's look at the size of the crypto market compared to the broader financial landscape. Currently, crypto's market cap is relatively small, around 2.2 trillion dollars, compared to the massive 250 trillion dollars in total financial assets worldwide. So, in the grand scheme of things, crypto's impact is still quite limited.

Now, onto demographics. Millennials, who are often associated with being big players in the crypto space, actually hold a relatively small portion of overall financial assets at the moment, less than 5%. So, while they may be interested in crypto, their current influence on the broader financial markets is still quite minimal.

When it comes to potential disruption, other asset classes might face more immediate challenges from crypto than the stock market does. Take gold, for example, or even traditional savings accounts and hedge funds. These could all see significant shifts due to the rise of cryptocurrency.

And let's not forget about alternative investments like Magic: The Gathering cards or annuities, which also come into the conversation. These can offer unique opportunities but also come with their own set of considerations, such as liquidity and tax implications.

So, in conclusion, while crypto is certainly a disruptive force in the financial world, it's unlikely to completely overthrow the stock market anytime soon. There are plenty of other areas that might feel its impact more directly.

Alright, let's dive into the insights from the discussion on the Buffett Indicator and its implications for the stock market. So, what exactly is the Buffett Indicator? Well, it's a metric introduced by Warren Buffett back in 2001, comparing the total market capitalization of the US stock market to the country's GDP. This indicator has historically been a reliable measure of market valuation.

Now, fast forward to the present day, and we're seeing some significant shifts. The Buffett Indicator has surged to unprecedented levels, currently standing at around 220%, far above its

historical trends. This begs the question: what does this soaring valuation tell us about the stock market? Is it a sign of overvaluation, or is there more to the story?

To understand this, we need to consider the changing landscape of the economy. We're witnessing the rise of mega-corporations like Apple, Amazon, and Google, which wield immense economic power. Additionally, factors such as the widespread adoption of 401k plans since the late 1970s and increased globalization have reshaped investment patterns.

Moreover, the emergence of relatively new investment options like target date funds has further influenced market dynamics. These funds, now holding trillions of dollars, have altered how individuals approach investing for their future.

On a related note, the current shortage of cars due to semiconductor chip shortages is impacting both new and used car markets. This scarcity is prompting individuals to reassess their choices between leasing and buying vehicles, highlighting the interconnectedness of various economic factors.

Switching gears, let's discuss the importance of seeking financial advice. Many factors can prompt individuals to seek professional guidance, such as a lack of time to manage personal finances or major life changes like retirement or the loss of a spouse. Recognizing the need for objective advice, especially after experiencing financial setbacks, is crucial in navigating complex financial decisions.

In essence, while the Buffett Indicator offers valuable insights into market valuation, it's essential to consider the broader economic context and seek professional guidance when needed.

Alright, so let's dive into these questions. First up, we've got a common dilemma: should one prioritize paying down student loans or investing in the market? This is a question many people grapple with, and it's important to consider various factors before making a decision.

Now, you might have heard of the 50-30-20 rule, which is often touted as a guideline for financial stability. Interestingly, it's attributed to Elizabeth Warren, who proposed it as a way to help people maintain their financial footing. It's a balanced approach that can provide some clarity when facing this decision.

Moving on to the Federal Reserve's role in managing inflation through interest rate adjustments. It's not a straightforward solution, as many factors come into play. While raising



interest rates can deter spending on certain big-ticket items like homes and cars, it's not a cure-all, especially when supply chain issues are at play.

Now, onto a question about long-term investing strategies for young investors. It's tempting to try to predict which sectors or companies will thrive over the next few decades, but the truth is, it's incredibly difficult to foresee. Instead, investing in broad market index funds can be a more reliable strategy over the long haul.

Next, we've got a personal finance dilemma: choosing between funding a fancy private college education or opting for a mid-tier public school and investing the difference in an index fund for retirement. This decision is deeply personal and depends on various factors, including your financial situation and values.

And then there's the question of whether to focus on paying off student loans or building up a retirement portfolio. Both are important goals, and there's no one-size-fits-all answer. It often comes down to finding a balance that works for you and your financial priorities.

Finally, we touched on the topic of paying off a mortgage early versus investing that extra money elsewhere. Again, this decision hinges on factors like your risk tolerance and financial goals. It's not a simple choice, but weighing the pros and cons can help you make an informed decision.

So, as you can see, navigating these financial decisions requires careful consideration and understanding of your own financial situation and goals. It's not always easy, but with the right guidance and knowledge, you can make choices that align with your long-term financial well-being.