

## Use math, science when planning your retirement

Written by 'Layin' it on the line' By Lawrence Castillo Guest Columnist  
Friday, 15 July 2022 09:26

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**First and foremost, I want to let you know that I would never try to sell you on anything.** I have learned in my 40 years of experience that if I try to talk you into something, anybody can come right along and talk you out of it, so that is not my objective. However, with math, science, and reason, I would like to reaffirm some very important facts and figures about your retirement planning:

**1.** We all know the market is cyclical, it goes up, and it goes down. We have had the longest upmarket, “Bull Market,” in the history of the stock market; over the last nine years. Thus, Reason alone tells us that we are due for a market correction, “Bear Market.” Math and science prove that we are due for a soon coming market correction. Just to name a few of the catalysts of a possible Bear Market, but not limited to, are these indicators:

The most significant “Buyback” in the history of the market took place in the last quarter of 2018. A “buyback” is essentially corporations run out of ideas to increase stock market shares and dividends of their company. They are buying back their stock held in foreign countries and inflating their profits. As of October 2018, there were over \$800 billion in stock buybacks, a stock market record. Corporations used funds from \$2.6 trillion dollars sitting overseas.

The tariffs imposed on foreign countries in June 2018.

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The housing market. As interest rates increase, so will adjustable rate mortgages increase. A Zerohedge chart reflects that home-builder stocks are already dropping as lumber prices forecast a drop in the housing market.

Interest rates tend to go up when the federal reserve unwinds its balance sheet and adds to the supply of treasuries and mortgage-backed securities on the market. When interest rates go higher, stock valuations need to go down with a lower Profit /Expense ratio.

Federal Reserve policy. A JP Morgan study reflects that the Federal Reserve is decreasing its balance sheet of treasuries and mortgage-backed securities by \$50 billion a month, which is known as Quantitative Tightening, which is projected to continue to at least the end of 2020.

Valuations. The United States Stock Market is the most expensive in the world at this moment. The Buffett indicator is flashing red with a total market capitalization vs. Gross Domestic Product of 150%. Studies reflect that any ratio above 115% is an indicator that the market is significantly overvalued.

2. Historically the S&P time-line for recuperating from market corrections is between 13 to 22 years. Studies reflect that 64% of the time, the S&P is either losing ground or making up losses. Let me ask the question, "Going into retirement, do you want the 64% chance of a market correction and taking 13 to 22 years to recuperate the retirement savings you've accumulated over your lifetime?"

**Mortality tables reflect that one retiring at age 65 will live 20 to 25 years.**

3. Mathematically, it's a proven fact that if a retiree experiences double-dipping (losing value in their account and drawing income from their account simultaneously) at the beginning of their retirement, they will outlive their retirement funds before they outlive their retirement life. This is known as the "Sequence of Returns." Also, add the devastating fact of fees, the account now has triple dipping!

4. Psychological studies prove that retirees with a guaranteed, known, and predictable source

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of income live a much happier, stress-free, and worry-free retirement life.

**5.** The Fixed Indexed Annuity relieves merely the risks of outliving one's money and the burden of trying to manage and chase market returns and trying to avoid market losses of managing a retiree's portfolio. It gives a guaranteed, predictable income for life as well as a projected income, based upon only upside market growth. It automatically tracks this upside market growth.

I trust that the above information on math, science, facts, and figures will assist in journeying into a peaceful, stress-free, worry-free retirement.

Lawrence Castillo is a member of *Syndicated Columnists*, a national organization committed to a fully transparent approach to money management.

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Interested in additional information? Register for my FREE Newsletter at 888-998-3463 or click my newsletter link: <https://annuity.com/lawrence-castillo-newsletter/>

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