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The true meaning of social security



Dan Huffman, CFP®

Managing Director – Investment Officer

Separately, the two words “social” and “security” can have any number of connotations, but taken together they carry powerful implications in politics and for U.S. citizens. Today, nearly 70% of the U.S. population receives some sort of government benefit – most of which is supplied by what is known as Social Security. If you read the press at all, you’ve likely seen headlines implying this “old age pension” is anything but secure and, in fact, is in danger of insolvency. A Pew Foundation research survey completed in December 2018 found that 42% of working Americans believe they will not receive any retirement benefits from Social Security. I would like to share some additional thoughts on this topic.

From colonial times until the New Deal of the 1930s, the concept of aid to those unable to care for themselves had been recognized as a local community responsibility, carried out by private charities and local governments – a neighbors-helping-neighbors type of system. The New Deal ushered in a whole new bureaucracy, facilitated by Supreme Court rulings that enabled payroll taxes for such purposes under the guise of “promoting the general welfare” clause of the Preamble to the Constitution. Thus enshrined is a bureaucracy which now operates with a \$1 trillion annual budget just for administration. But, I digress.

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In the early years, surpluses in the S.S. system were commonplace. With some 47 workers for every recipient of benefit, it was sure to happen.

Upon signing the Social Security Act, Franklin Roosevelt himself said:

“WE CAN NEVER INSURE 100% OF THE POPULATION AGAINST 100% OF THE HAZARDS AND VICISSITUDES OF LIFE, BUT WE HAVE TRIED TO FRAME A LAW WHICH WILL GIVE SOME MEASURE OF PROTECTION TO THE AVERAGE CITIZEN AND TO HIS FAMILY AGAINST THE LOSS OF A JOB AND AGAINST POVERTY-RIDDEN OLD AGE.”



As you can see, originally, FDR’s intent was a system to backstop the populace against mass poverty, not a full-blown retirement system. But, catapult 80+ years into the future, and after numerous expansions of the benefits (and, I might add, numerous raids by the Federal Government of its historical surpluses), we now have a system where less than two workers are contributing to it for every recipient. According to the Committee for a Responsible Federal Budget, Social Security is headed for insolvency by 2033 – just 12 years from now – if no serious modifications or amendments are put in place. In my opinion, fixing Social Security is not as difficult as it may seem, utilizing the resources of what is still the greatest country on earth.

Early in Barack Obama’s presidency, he established the Simpson-Boles commission, a bi-partisan group headed by Alan Simpson (a Republican) and Erskine Boles (a Democrat). While the commission’s recommendations were essentially tabled, this group still exists under a different name: The Committee for a Responsible Federal Budget. Recently, they put forth a range of proposals which could fix the shortfalls currently facing Social Security. As you can imagine, the earlier these are implemented by Congress, the less expensive the overall fix will be. The following three suggestions, taken in combination, would fix the solvency crisis of Social Security for a projected 75 years:

SLOW

THE BENEFIT GROWTH FOR THE TOP HALF OF EARNERS

This would help honor the original intent of the system, essentially shifting more benefits from the haves to further assist the have-nots.

RAISE

THE FULL RETIREMENT AGE TO 69

This could be done by increasing it from the current age of 67 every two months, then indexing it thereafter to the average life expectancy.

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THE COST-OF-LIVING ADJUSTMENTS TO THE CONSUMER PRICE INDEX MINUS 1%

Here, the case in point is that just in 2022 alone, the monthly S.S. benefit is scheduled to jump a whopping 5.9%. Frankly, that’s unaffordable in a system originally designed to prevent mass destitution.

If you would like to learn more about the U.S. Federal Budget, entitlements, and Social Security, visit: www.crfb.org

All in all, the Social Security system provides a lot of support to a lot of people. Most need it, some don’t. Regardless, its current benefits are here to stay – but, only if prudent choices are made, and soon. ♦



THE TOP SOCIAL MEDIA POST OF THE QUARTER



James Mayer
Managing Director –
Investment Officer

I DON'T GO OUT TO EAT THAT OFTEN, BUT THIS PAST WEEKEND I WAS ABLE TO HAVE BREAKFAST WITH MY PARENTS. IF YOU HAVEN'T BEEN TO A RESTAURANT LATELY, YOU MAY NOT BE AWARE THAT STAFFING SEEMS TO BE A CHALLENGE. WE HAD A NICE MEAL, AND OUR SERVER WAS NICE, BUT SHE WAS HUSTLING.

I have seen a sign before that says, "The world is short-staffed – be kind to those that show up."

That has stuck with me ever since I saw it.

The server brings the bill, and I look at the proposed tip section. 18%, 20% and 25%...

The bill was small, so I decided to tip 100%. The cashier asked if I was sure, and I replied yes, "Thanks for showing up." He smiled and thanked me. We were getting ready to leave and the server comes up to me to ask if I paid the check. I said yes and she asked if she could give me a hug. This shocked me because I wasn't looking for attention, so I smiled and said yes.

I am not suggesting everyone should tip 100%, and I'm not trying to brag about it either. My point is that a little gesture made this server's day. And just as valuable to me, her hug made mine!

I think I smiled the rest of the day.

Appreciate the people that show up and hopefully more people will! Helping people helps yourself! Positive energy changes the world, and we can all do it. ♦



#CHOOSEHAPPY

Welcoming our NEWEST TEAM MEMBER

The Huffman Mayer Paolo team is excited to announce Jennifer L. Baum as our new Senior Client Associate. As both a Chartered Financial Consultant and Chartered Life Underwriter, she brings nearly 30 years of financial services experience to our team and clients. We're happy to have you join us, Jennifer! ♦



COACHING YOU CAN DEPEND ON



Phillip T. Anderson, MBA
Associate Vice President – Investments



For those of us in northeast Ohio, the first quarter of the year can be one of the quietest parts of the calendar. The major holidays are over, and sometimes the weather keeps us indoors for weeks at a time. However, it's a busy season in one respect – the first quarter is one of the most important times of year for many of our favorite sports. In football, it's the season for playoffs and some of the best college bowl games. The NBA and NHL both have their All-Star games and start the crucial second half of their seasons, and late in the quarter, March Madness begins for NCAA basketball.

Just like the first quarter of the year, the world of finance is also packed with sports, in the form of metaphors. So, as we get the New Year underway, we wanted to share a few bits of sports-inspired advice for 2022. Everyone circle-up and take a knee...

1

IT'S IMPORTANT TO HAVE A GAME PLAN, but also to remember that life sometimes moves the goal posts on us. You're always better off making adjustments while there is still plenty of time left on the clock. After all, you don't want to take one for the team and be stuck throwing a Hail Mary right as time expires – that would be bush league.

2

Some years, making money in the stock market is a slam dunk, and some years your investments hit you below the belt. Also, some years returns are just par for the course. The important thing to remember is not to get too high or too low based on your recent record – **FOCUS ON WHAT'S IN YOUR WHEELHOUSE**, keep blocking and tackling, and take things one possession at a time.

3

WHEN WE FIRST START WORKING, MANY OF US DROP THE BALL ON SAVING. Remember that retirement planning is a marathon, not a sprint. No matter your income, as long as you keep your eye on the ball and keep hitting singles and doubles, anyone can save enough money for retirement (although it is easier if you start in the early innings).

4

And finally, and in all seriousness, we hope you enjoy a healthy and happy 2022, and **THANKS FOR LETTING US BE "IN YOUR CORNER."** ♦

WIDOWHOOD:

Preparing for the next stage



Susan Paolo, MBA

First Vice President – Investment Officer

The call came in just a few weeks ago: one of my dearest clients, Ann, wanted to let me know that Bill, her husband of 51 years, had died.

My heart broke and my eyes filled with tears as I listened to Ann describe the events of the past couple of weeks and outline the upcoming funeral services. Her voice was steady and strong. She was thoughtful and detailed in her planning process. She was entering a new phase, where she would be the one taking the wheel. It was then that I knew the best way to support her would be to assist her in navigating through this transition, create a plan for change, and assure her that her financial needs would continue to be met.

We started by acknowledging her support group. Ann is fortunate to have three caring and competent daughters, a devoted best friend, and an attorney friend at the ready. I told her she has enough on her plate right now, and that nothing needs to happen today or tomorrow... but that I would make sure that those things that have time restrictions and deadlines will happen on time. My mission was to help her prioritize the steps she needed to take and not overwhelm her with decisions that could be made later.

A few days after the funeral, Ann and I met for breakfast at one of our favorite places. She was focused and ready to get organized, so we reviewed my checklist of the financial-related tasks we needed to complete over the coming few months. We discussed everything from cleaning out the barn to possible future living arrangements and downsizing. I shared a list of local



resources who would be available as she finalized her decisions, and I reminded her that it's best to put off making any major life choices for a year, especially those that are irrevocable.

I'm telling you, our clients, this story because part our role as your Financial Advisors is to assist with the many aspects of life changes and how to prepare for the next stage. Most of you think that means crossing the bridge from working to retirement, and in most cases, it does. But we also have tools to help you rebuild your life and move forward after the death of a loved one, a divorce, starting or selling a business, or selling your family home and downsizing and/or moving across the country. Our purpose is to help you to achieve your goals. There is no way to go back, so the only way out is forward! ♦

A FEW DAYS AFTER THE FUNERAL, ANN AND I MET FOR BREAKFAST AT ONE OF OUR FAVORITE PLACES. SHE WAS FOCUSED AND READY TO GET ORGANIZED, SO WE REVIEWED MY CHECKLIST OF THE FINANCIAL-RELATED TASKS WE NEEDED TO COMPLETE OVER THE COMING FEW MONTHS.



A WARM WINTER RECIPE:

Turkey and Wild Rice Soup



Susan Paolo, MBA

First Vice President – Investment Officer

Living in northeast Ohio gives us plenty of opportunities to enjoy comfort food, which brings me to my favorite winter recipe. This is perfect for those cold Sunday afternoons when you're snowed in at home – enjoy!

WHAT YOU'LL NEED:

- | | |
|---|---|
| 1 (6.2-ounce) package of fast-cooking, long grain wild rice | 2 (14-ounce) cans of chicken or turkey broth |
| 2 tablespoons of butter | 1/4 teaspoon of black pepper |
| 4 ounces of shitake mushrooms (about 1.5 cups), with stems removed | 2 cups of chopped turkey |
| 2 stalks of celery , sliced | 1 cup of heavy whipping cream |
| | 2 tablespoons of dry sherry |

WHAT YOU'LL DO:

After preparing rice as instructed, melt butter in a large saucepan and add celery and mushrooms. Cook until celery is tender and liquid has evaporated from the mushrooms (about 5 minutes).

Add broth, pepper, and heavy cream to celery/mushroom mixture, bring to boil, and then simmer for 5 minutes.

Stir in rice, turkey, and sherry. Heat through and serve.



I'M A BIG FAN OF USING MULTIPLE VARIETIES OF MUSHROOMS IN MY SOUP, SO I USE FOUR TIMES THE RECOMMENDED AMOUNT OF MUSHROOMS, INCLUDING SHITAKE, CREMINI, AND BABY BELLA VARIETIES, AMONG OTHERS. AS WE OFTEN SAY AROUND THIS TIME OF YEAR, THE MORE THE MERRIER! ♦

The Pittsburgh Cookie Table



Margaret A. Gilliland
Senior Registered
Client Associate



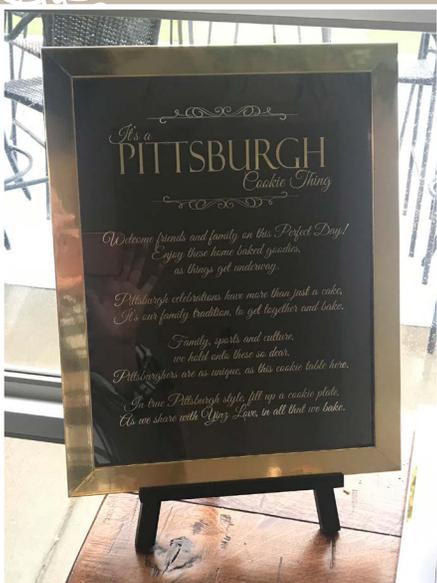
I know that I work in Ohio and all, but with my son recently getting married, I thought it would be appropriate to write a little bit about the “Pittsburgh Cookie Table.”

I grew up and spent most of my life living in and around Pittsburgh, and until I moved out of the area, I was not aware that other regions did not have cookie tables at their weddings.

I offered to host the cookie table at my son’s wedding in Tennessee, and his fiancée, who is from Tennessee, had never heard of such a thing. So she was fine with me taking this on since they are not big cake eaters and were looking for an alternative to a big wedding cake anyway.

After doing some research, I learned that the Pittsburgh cookie table came about because of the many Eastern European immigrants that landed in the area. Back then, when wedding cakes were more expensive, it was traditional for the bride’s family to get together and make a variety of cookies for the wedding. That tradition has only grown since then.

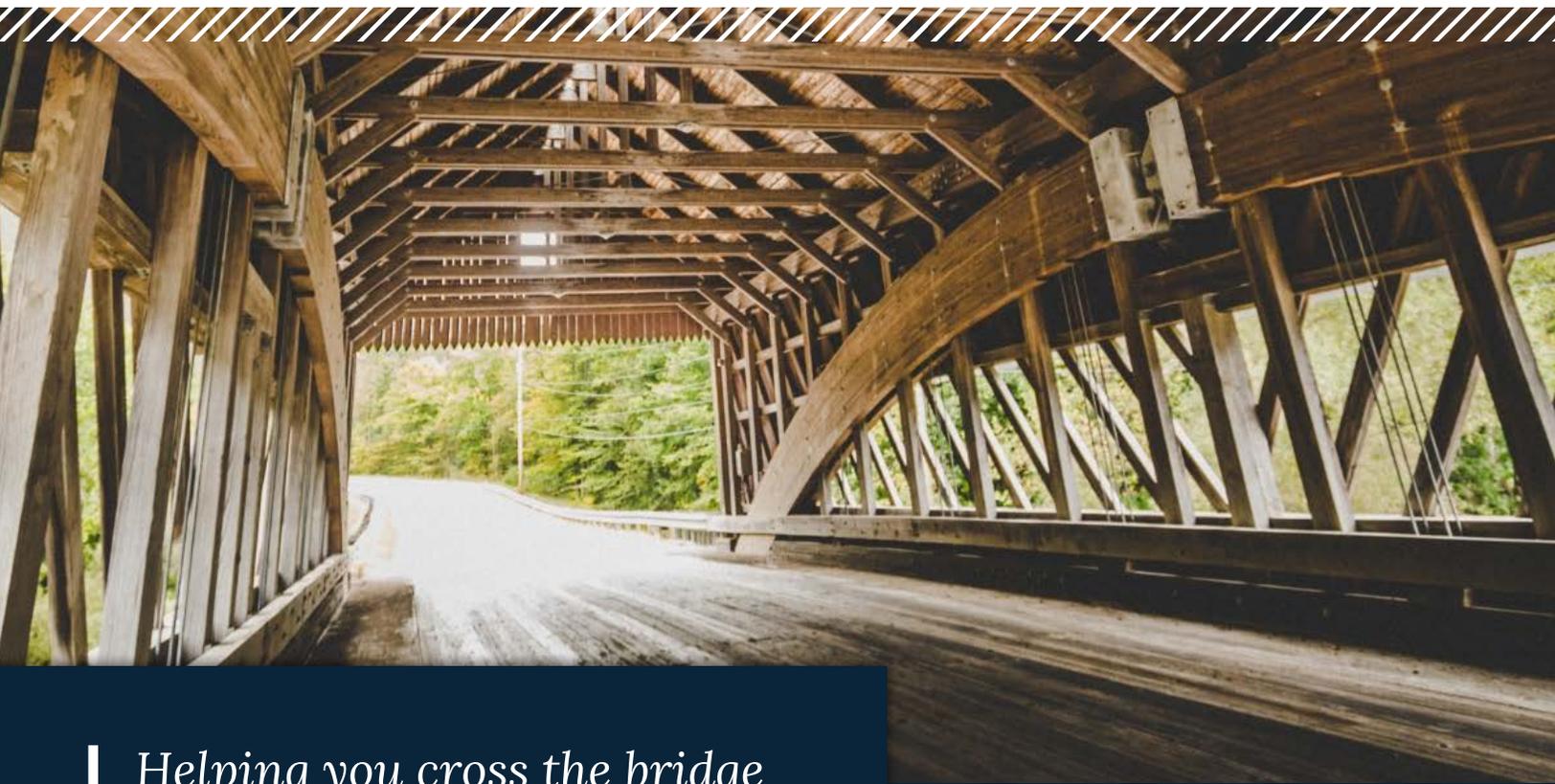
The cookie table was a huge hit, and I enjoyed making all the cookies with a lot of help from my family. ♦



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