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The state of the U.S. jobs market



Phillip T. Anderson

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The recession of 2020, which technically began in February that year, was atypical in almost every way.

Recessions are usually brought about by periods of excessive risk, leading to a “bust” in one or more areas of the economy. Too much supply, too little demand, too much easy credit, or too few consumers willing to spend money sends us into a period of negative economic growth, job losses, and de-risking. “Normal” recessions occur more or less organically – consumers in the country (and increasingly in the world) decide there are more reasons for worry than optimism, and it may make sense for them to save a little more and spend a little less. That thinking, multiplied by millions – or even billions – of households and small businesses, sows the seeds of a recession.

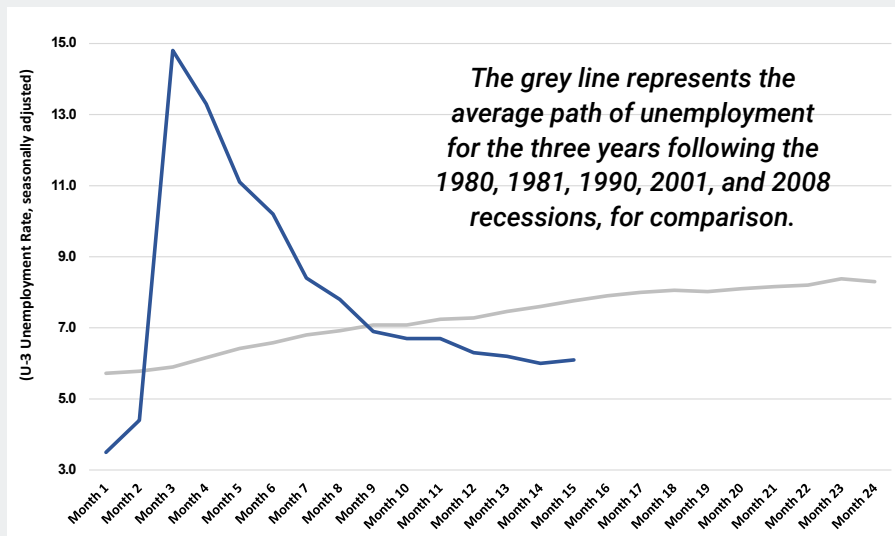
In their common form, recessions are basically “bottom-up” events – enough spenders become risk-averse enough to temporarily derail the economy.

But the 2020 recession was different. Where a “normal” recession happens in a bottom-up fashion, this one could be characterized as a “top-down” recession. Federal governments around the world imposed sweeping rules on their people and businesses in the interest of public health and then proceeded to extend hefty stimulus programs (mainly in developed countries) to keep people in their

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homes until a vaccine could be developed. It was a form of imposed stasis – people didn't lose jobs due to lack of demand; they were told not to come back until it was safe to do so.

Unemployment Rate During COVID-19 vs. Prior Five Recessions



Source: The St. Louis Fed, FactSet

Consequently, from January to April of last year, the number of unemployed Americans rose from 6 million to a staggering 22 million. After this initial spike, unemployment fell rapidly, and although the pace of job gains has slowed over the past six months, we've already recovered three quarters of the jobs that were lost in the United States. What's more: the unemployment rate is lower today than is typical fifteen months after the start of a recession.

The "job situation" is never perfect – not in the U.S. or anywhere else. Even before COVID-19, when we had record-low unemployment, there were 6 million Americans unable to find work. There are always workers who are getting re-trained to work in different sectors of the economy or who don't have the skills to compete in the job market in which they're trying to find work.

There's no doubt in our minds that the recovery in jobs has been hamstrung by enhanced unemployment benefits – these benefits were designed to keep people at home, and in many places, they are now outliving their usefulness. There are about 4 million people who were working in 2019 who are not working today. It will be instructive to see how much compensation they can demand to come back into the workforce. And the willingness of employers to "bid up" their services will be telling in terms of the potential for inflation and the strength of the economy moving forward. ♦

Medicare Breakdown

While they're working, many Americans become accustomed to getting health insurance through their employer. They make their initial selections and then update their choices once a year when it's time to renew, or they change plans after a major life event (e.g., marriage or starting a new job).

But virtually all U.S. residents face a significant milestone when they reach the age of 65 and qualify for Medicare, which provides a new and, possibly, complex angle to health insurance.

With Medicare and all its complexities, let's **BREAK DOWN ITS FOUR PARTS** and review what they cover and who qualifies for each.

PART A: HOSPITAL INSURANCE

Helps pay for:

- Inpatient hospital care
- Hospice care
- Skilled home-health services for homebound patients

Additional notes:

- Part A also helps pay for **SHORT-TERM INPATIENT CARE** in Medicare-certified skilled nursing facilities, but only if the patient is there for rehabilitation – not for long-term or custodial care.

Qualifying

- Once you **REACH AGE 65**, you qualify for Part A. It's unlikely you

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To celebrate our team's hard work adapting to this new world, we invited a local entrepreneur, John Krause, to bring his food truck to our office. Besides enjoying a delicious lunch, our team was excited to support a local business and share a meal together in person. We've all had an interesting year, and we feel fortunate to have such a wonderful team that has evolved together and supported one another.

WEDDING PLANNING:

Mother of the groom edition



Margaret A. Gilliland
Senior Registered Client Associate

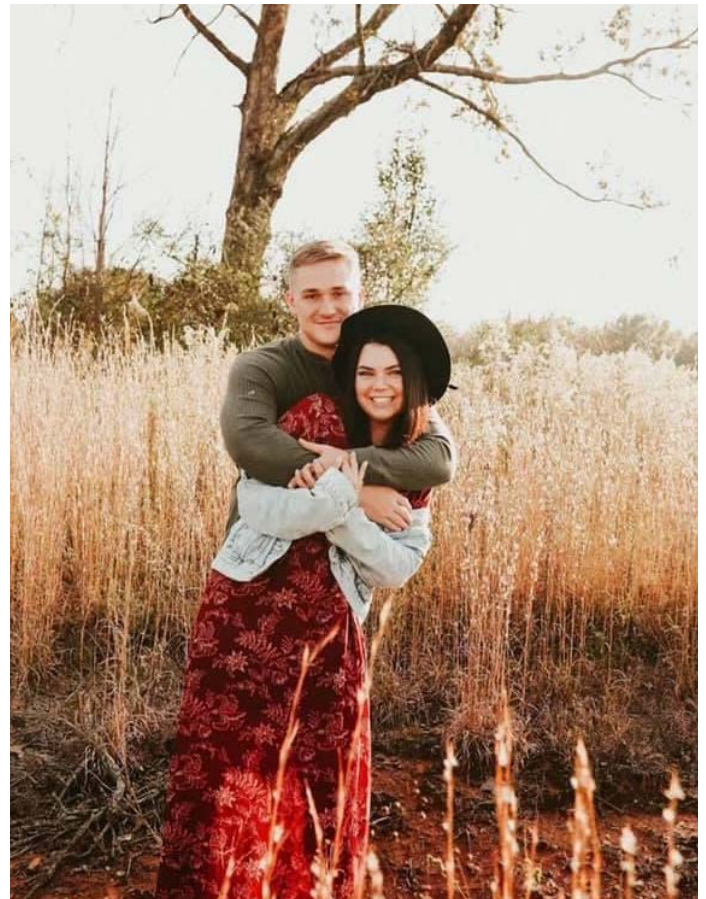
With wedding season in full swing, wedding plans are at the front of my mind.

My son is engaged to a wonderful young lady that our family has fallen in love with. We've been thrilled to be involved in the wedding planning, even if it has been a bit limited.

My son and his fiancée live in Tennessee, so I knew the distance would restrict our ability to be involved in the planning. But his bride-to-be has been wonderful about calling us often and letting us know the most recent developments, whether it's venue, flowers, photographers, or food.

I was honored to be invited to attend her wedding dress shopping, and I made a trip to Tennessee to spend the week with my future daughter-in-law while my son was away for a few months for an Army assignment. She and I had a great time getting to know each other better, and I got to spend lots of time with her family too.

Since this is my first child getting married, I don't have much to compare my planning involvement to, but I



would think that being the mother of a bride would have a lot more "hands-on" work. I am so appreciative that my future daughter-in-law has made me feel involved and has included me whenever possible.

We're looking forward to seeing how the next chapter of their lives unfold. ◆



Nothing grander

— than being a “Grand” —



Patt Simpson-Whitney
Senior Client Associate

My first “grand” was born on my 35th wedding anniversary. She is my daughter’s daughter, and I was intensely proud of continuing our family’s female lineage. This third generation of women was not something I ever considered until she was born.

The sweet baby girl’s name is Anya. Today, she’s not much of a baby – she just graduated high school.

We can all agree that life is made up of a series of moments. Those of us who have experienced having grandchildren have an abundance of moments to share. Our lives have been enriched and challenged by these charming offspring, like Anya.

I tend to be quick in finding a common thread with my grandchildren: “Your mother is just like you – if she ever wanted to get away from her brothers, I always knew I could find her in the barn.” At the same time, I’m eager to

celebrate uniqueness and offer tools of differentiation: “I never thought about arranging my space that way – this is much more serviceable. Good job!” There’s a beauty in finding how our “grands” are so like us but also forge their own paths in life.

My wishes for Anya – and for those growing up behind her – are in a constant state of flux. There are, of course, fixed hopes for happiness and health. Then, I also hope that they will be earners and find satisfaction in their chosen professions. I hope they will embrace challenges. I hope they will be aware of the environment and humankind. Perhaps these profound ideals are universal.

Like many of you, I’ve tried to have a positive impact on people wherever I could. And I’m so appreciative of people in my life who have guided me on my own path, like the broker who introduced me to 529 plans and custodial accounts. Now, I realize

that these accounts are vehicles to empower the next generation, as well as one’s own children.

As a grandparent, I’ve offered to match earnings (from summer jobs, for example) with Roth IRA contributions. I applaud and encourage whenever I can. And it’s a little added bonus not to be the primary disciplinarian for my “grands.” But this is my way of helping my grandchildren succeed so that they can turn around and make a difference in other people’s lives too. If there’s any legacy that I want them to carry on, it’s the legacy of goodness, compassion, and care.

If you have grandchildren, my best advice to you is to keep your “grands” close. Discover who they are and what they need, and celebrate the gift of your relationship with them.

**LEAD THE WAY, ANYA.
YOU CARRY MY HEART. ◆**



Phil Anderson and his family went on vacation to Florida this April. The Andersons had plenty of fun on the beach, visited Mote Marine Aquarium in Sarasota, and went kayaking, where they saw dolphins, pelicans, and plenty of other sea animals. ♦



When EVERY DAY – is –

SATURDAY



James Mayer
Managing Director –
Investment Officer

On Saturdays in the summer, I usually get out early to play golf. By 9:30 a.m., my wife texts me a grocery list that I go to pick up after the game is over. (It's great for her – kind of like Amazon, except it's free and same-day delivery). Then, I go pick up my daughter from her gymnastics class, and we usually grab lunch for the family. Sometimes, we add in a trip to Home Depot, Sam's Club, or Five Below.

*What day of
the week do
you spend the
most money?*

*For me,
it's Saturdays.*

When I think about the other days of my week, I can definitively say that Saturdays are the most expensive for all the reasons listed above. On the weekdays, I go to work, which may require me to buy lunch or gas. On rare occasions, someone's kid may be selling Girl Scout cookies. But aside from those things, the weekday work routine ends up being pretty inexpensive.

I often hear clients say, "When I retire, I won't need as much money as I make now." That's a fine goal, but I caution them to consider their daily, weekly, and monthly expenses. If they're anything like me and Saturdays are expensive for them, they may end up spending more than they expect – **BECAUSE WHEN YOU'RE RETIRED, EVERY DAY IS SATURDAY!**

Think about the things you want to do in retirement. And start thinking about how daily expenses will change for you. In my humble opinion, Saturdays should be spent resting and doing the things you want to do. After a lifetime of working hard, retirement should feel the same as a Saturday. And, as always, if you need guidance, let's talk through your retirement goals together. ♦

will be charged a monthly premium if you've worked and paid the Medicare payroll tax for a minimum of 10 years.

PART B: MEDICAL INSURANCE

Helps pay for:

- Doctors' services
- Outpatient hospital care
- Medical equipment and supplies
- Some preventative services

Qualifying

- All U.S. citizens and documented immigrants who have lived in the United State for at least five years qualify for Part B at age 65. No work history is required, but everyone who wants Part B must **PAY A MONTHLY PREMIUM**.
- Monthly premiums are based off a worker's modified adjusted gross income (MAGI) from filed taxes, with higher-income individuals paying more. Your first opportunity to sign up for Part B is the **INITIAL ENROLLMENT PERIOD**, which begins three months before and ends three months after your 65th birthday month.

PART C: MEDICARE ADVANTAGE

Option to buy:

- Health insurance from the private sector

Additional notes:

- Opting in to Part C is an alternative to joining the "traditional Medicare" program that comes from the government.
- If you choose a Part C plan, you will generally **RECEIVE ALL MEDICARE-COVERED SERVICES**, including all services, supplies, and drugs that are covered by Parts A, B, and D. However, Part C typically restricts your choices of health care providers.
- Medicare enrollees who choose Part C must continue to **PAY THEIR PART B PREMIUMS**, and Medicare will pay the plan a monthly fee. You might have to pay an additional monthly premium, depending on the plan.

PART D: PRESCRIPTION DRUG COVERAGE

Option to buy:

- Prescription drugs

Qualifying

- **IF YOU HAVE PART A, PART B, OR BOTH PARTS**, you likely qualify for opting in to Part D. When you turn age 65, you have the right to enroll in one of several Medicare-approved Part D prescription drug plans.

Additional Notes

- Like Part C, Part D comes from a **PRIVATE COMPANY**, not directly

from the government.

- Medicare pays most of the cost of Part D. However, if you choose Part D, you will pay a monthly premium to the company you select.

Supplementing your coverage

- Medicare alone will likely not cover all your health care needs. To help minimize out-of-pocket expenses, many retirees have some other arrangement to supplement Medicare's coverage. Some options include:

- **FORMER EMPLOYER HEALTH INSURANCE:** Your former employer may let you carry its group health plan into retirement. If you are retired and eligible for Medicare, your employer's group health plan can act as your Medicare supplement.
- **MEDIGAP INSURANCE:** Medigap is a supplemental health insurance you can buy from a private insurance company to fill in some of the gaps in Part A and Part B. Medigap policies pay some or all of Medicare's deductible and copayments, and some cover a few services that Medicare doesn't.
- **MEDICARE ADVANTAGE PART C:** Part C is not a true Medicare supplement, as it completely replaces Medicare's coverage. But if you have Part C, you will not need a Medicare supplement. ◆

This article contains basic information about Medicare, services related to Medicare, and services for people with Medicare. If you would like to find more information about the government Medicare program, please visit the official U.S. government site at [medicare.gov](https://www.medicare.gov).

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advice for YOUNG ADULTS



James Mayer
Managing Director – Investment Officer

I was recently speaking to a client about the purpose of our money, and we came to an agreement that money is best spent on experiences.

We got to talking about her kids, when she mentioned that she plans to match her grandchildren's Roth IRA contributions. I thought that this is a wonderful way to excite younger people to save for their futures. The value of her gift to her grandchildren will likely be felt by them for over 70 years.

When speaking with younger people about their futures, every bit of encouragement helps. Here are a few ways that young adults can start taking initiative on their finances:

START WITH YOUR "WHY"

What's important to you? What do you want your impact or purpose to be?

SHARPEN YOUR VISION AND GOALS

Who are you in five or 10 years? What are you striving toward in life? Do you have financial goals that require a plan?

LIVE BELOW YOUR MEANS

Set your lifestyle at 80% of less of your income. If you make \$100,000, live on \$80,000. If you make \$50,000, live on \$40,000.

YOU'RE NOT IMMUNE TO THE RAIN STORM

There will be surprises and problems in your life. Be prepared. Maintain a rainy day fund.

BEWARE THE DEBT THIEF

Avoid the quicksand of debt. Strive to pay cash for everything except your home (and maybe your car).

REACH FINANCIAL FREEDOM

Understand how retirement savings may be tax deductible, tax deferred, distributed tax free, or enhanced by employers through matching and profit sharing.

BUILD WEALTH BY SPENDING SMART

Clearly understand the difference between wants and needs. When you do spend, buy fewer and higher quality things.

PROTECT THE VALUABLE

What's more important than health and family? Nothing. Health insurance is a must, and life insurance is important especially for couples with young families.

BUILD YOUR WEALTH PYRAMID

Smart with a cash cushion. Reach for more return with three-to-five-year goals. Own great companies for goals five years out, or more.

SHARE YOUR BLESSINGS

If you earn \$58,000 in annual income in the United States, you are in the top 1% of income globally. Share your good fortune, and it will multiply itself. ♦

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Thank you for continuing to trust us with your families' futures. Have a great summer. Stay safe, healthy, and happy, and we will hopefully see you all very soon!

The Huffman Mayer Paolo Team

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