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ADVANCE CAPITAL MANAGEMENT FINANCIAL LIVING

volume **Q3** 2021

A QUARTERLY NEWSLETTER FOR THE CLIENTS AND FRIENDS OF ADVANCE CAPITAL MANAGEMENT

Coping with the Financial Tasks of Losing a Loved One

Losing a loved one is a difficult experience in many ways. It hurts emotionally, it hurts physically and, unfortunately, it often hurts financially.

Close to 70% of widows and around 50% of widowers reported experiencing significant financial troubles after losing their spouse, according to a survey by New York Life Insurance. Surviving spouses have to adjust to living on a reduced income and cutting discretionary expenses.

While finances may seem trivial during times like these, it is an important matter that should be addressed as soon as possible to better protect the deceased’s assets and, potentially, yours. The alarming figures above may not sound surprising when you consider that there can be more than 100 tasks involved in managing the affairs of a lost loved one.

WHERE TO START

One thing that makes the process easier is to start with gathering all the personal and financial documents that you can find. This helps you to quickly and accurately manage the estate, as well as start planning your own finances going forward.

Next, you will likely want to start working with an attorney. This is especially important if your loved one did not have a

will or trust. An attorney will then help you through the probate process. Also, the attorney should be able to help determine if all or any debts will be covered by the deceased’s estate and what the liability for any remaining debts may be.

You will want to compile any bills (including medical, funeral, mortgage, etc.) and make arrangements to pay them accordingly. Share those that will be paid through the estate with the attorney or executor so that they can be paid on time.



UPDATE ALL NECESSARY INFORMATION

After losing a loved one, it becomes your responsibility to notify and update any of the deceased’s employers, financial organizations and government administrations.

If you haven’t done so already, contact his or her employer and inquire about any benefits, such as a pension, 401(k), life insurance, stock options and owed money from accrued sick and/or vacation days. If health insurance was provided, ask about arrangements to continue coverage for any dependents.

You will have to notify all insurance providers of the passing. Especially, if the deceased had a life insurance policy. It can take a while for companies to disperse funds, so start the pro-

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Market Insights: Q2 2021

As a nation, we must start to move past the devastating fallout from the pandemic toward a return to a more “normal” life. Whatever that may look like. As in past generations, living through these surreal and historic events will forever change our collective psyche and perhaps bring a newfound appreciation for our freedoms and the simple things in life.

Today, infection rates are plummeting. More than 150 million Americans have been fully vaccinated as the economy roars back to life. Yet, the fallout left in the pandemic’s wake is broad and far-reaching. It could forever alter, both positively and negatively, our economic, business and social landscape for years. While solving these issues may require difficult decisions and a test of our nation’s mettle, history has proven that we are up to the challenge.

ECONOMIC OPTIMISM RISES WITH CONSUMER DEMAND

Already, our economy has shown remarkable resiliency as it continues to claw its way back from the economic abyss during the depths of the pandemic. For instance, the manufacturing sector is experiencing a surge in activity. Optimism at its highest level in years as consumers aggressively spend on all types of products. Yet, companies are struggling to meet the high demand due to material shortages, higher commodity prices and a worker shortage. It could take a year or longer to work through these manufacturing bottlenecks, with higher consumer prices as a direct consequence.

The housing sector is another bright spot for the economy. New housing starts and existing home sales are near multi-year highs. A surge in housing demand from the new stay-at-home environment has resulted in bidding wars for homes and, consequently, a surge in home prices across the nation.

Finally, as most states have started their reopening phase, the services

sector of the economy jumped to the highest level ever recorded, dating back to 1997. Recreation, retail, transportation and construction sectors led the charge as all 18 industries have reportedly showed growth. While the rate of expansion is strong, capacity constraints, material shortages and employment challenges could hinder growth in the months ahead. Still, overall economic growth is expected to top 6 percent for this year and about 4 percent for 2022. A healthy pace compared to historical averages.

GOVERNMENT SUPPORT COMES AT A COST

A rebound in economic growth remains heavily supported by actions from both the Federal Reserve (Fed) and the U.S. government.

First, the Fed continues to suppress interest rates and use unconventional programs to aid the credit markets, including an expansion of their balance sheet to around \$7 trillion, up from about \$3 trillion at the start of the pandemic. Monthly, the Fed is buying about \$80 billion in U.S. Treasury bonds along with \$40 billion in mortgage-backed securities in the open market. These actions are artificially keeping market-based interest rates historically low, which has benefitted borrowers and investors. But it’s also raising concerns about how long the Fed can control interest rates and what happens to the economy and capital markets when it begins to exit some of these programs.

The government has also dramatically increased their spending during

the pandemic to cushion the impact on businesses, consumers and the unemployed. However, the cost to help our economy is enormous. The federal budget deficit has exploded to around \$3 trillion this year, while the nation’s total federal debt has increased about \$5 trillion in a little over a year. Already, the consequence of this spending binge is felt in higher inflation and a declining U.S. dollar.

CAPITAL MARKETS RESPOND ACCORDINGLY

Amidst this environment of higher growth, support by the Federal Reserve and a renewed sense of optimism, the capital markets have responded accordingly. Small- and mid-cap stocks have outpaced large-cap stocks, and economically sensitive “value” stocks have crushed growth stocks.

After a rough year during the pandemic and shutdowns, corporate earnings are roaring back with expectations to grow double-digits through the end of this year. It is a very good sign since stock valuations are near all-time highs, and if earnings grow as expected, these heightened valuations will recede.

Meanwhile, a jump in inflation and concerns about deficits and unlimited support by the Fed has left the bond market reeling. The more interest-rate sensitive, higher quality and longer duration bonds have tended to underperform lower quality “junk” bonds. Finally, most commodity prices have surged due to higher demand and general supply constraints.

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It is not possible to invest directly into an index. The indices mentioned in this article are unmanaged and are not affiliated with Advance Capital Companies.

15 Must-Know Statistics about



If you're among the people who are on the fence about estate planning or who have done only the bare minimum, the best way to make smart decisions for your situation is armed with the facts. Compiled from various surveys and reports, here's some current data on estate planning that may encourage you to take this crucial step.

IMPORTANT ESTATE PLANNING DOCUMENTS – OR LACK THEREOF

67% Percentage of Americans who die without a will or estate plan (*Caring.com*)

41% Percentage of people age 55 and older who have an advance healthcare directive or healthcare proxy (*Bank of America*)

33% Percentage of people age 55 and older who have a durable power of attorney (*Bank of America*)

22% Percentage of those without a will who have even talked to a loved one about creating an estate plan (*Caring.com*)

WHY PEOPLE LACK ESTATE PLANS

47% Percentage of people who say "they haven't gotten around to it" (*AARP*)

29% Percentage of people who think they "don't have enough assets to leave to anyone" (*AARP*)

53% Percentage of Americans who said it's difficult to find an adviser they trust to create an estate plan (*Wealth Advisor*)

THE STRAIN OF PROBATE COURT

3-8% Percentage of assets the average probate court process costs (*Financial Samurai*)

35% Percentage of Americans who have either personally experienced or know someone who has experienced family conflict as the result of not having an estate plan or comprehensive will (*Wealth Advisor*)

PEACE OF MIND FROM ESTATE PLANNING

71% Percentage of Americans who say having a well thought out estate plan would help them feel like a good spouse or parent (*Wealth Advisor*)

67% Percentage of Americans who say they are often concerned about their families' long-term financial well-being (*Wealth Advisor*)

74% Percentage of Americans who said they would be more likely to create an estate plan if it helped lower their families' taxes (*Wealth Advisor*)

THE KNOWLEDGE GAP ABOUT ESTATE PLANNING

74% Percentage of Americans who believe estate planning to be a confusing topic (*Wealth Advisor*)

50% Percentage of those Americans who have a basic will that incorrectly believe wills protect them from probate court after they have passed away (*Wealth Advisor*)

47% Percentage of Americans who knew that proper estate planning can in fact provide tax protections (*Wealth Advisor*)

Fortunately, it's never too late to get an up-to-date estate plan in place. With the help of a financial adviser and an estate attorney, you can ensure that the needs of your family and your wishes are met. ■

Losing a Loved One *(Continued from page 1)*

cess as soon as you can. Further, contact the various financial institutions (banks, brokerages, credit card companies, etc.) where he or she had an account.

Update information on all mortgages, property deeds and auto titles. You can change the title of your vehicles through your state's Department of Motor Vehicles. Also, cancelling the driver's license with the DMV will remove your spouse's name from their records and help prevent identity theft.

You may have to also contact the Social Security Administration to stop payments and ask about the eligibility of the surviving spouse or dependents for spousal or survivor benefits.

Lastly, update your own will, insurance policies, retirement accounts and all other assets on which the deceased was listed as a beneficiary.

GET HELP AND START PLANNING

Some of these tasks are challenging in themselves much less when on your own. A financial adviser can help carry the load. He or she can help you compile many of the needed financial documents mentioned above. Most importantly, an adviser will help distribute assets from the deceased's investment accounts to the appropriate beneficiaries. That way your loved one's wishes are fulfilled.



We know this is a lot to keep in mind. And it's not easy when dealing with so soon after the loss of a loved one. Having helped many people in these situations, we've learned that it's best to take it step by step. So, we've created an easy-to-follow checklist of all financial tasks to address when losing a loved one – and we hope it can help you too: When Losing a Loved One - A Financial Checklist. **Download it at: https://info.acadviser.com/losing_loved_one_checklist** ■

2021 Fall Client Meetings

City	Date	Time	Venue
LANSING, MI	Sept. 7	11:00 a.m. EDT	Eagle Eye Golf Club 15500 Chandler Rd., Bath
TROY, MI	Sept. 9	11:00 a.m. EDT	Management Education Center 811 W. Square Lake Rd., Troy
PORT HURON, MI	Sept. 14	11:00 a.m. EDT	Blue Water Convention Center 800 Harker St., Port Huron (adjacent to DoubleTree by Hilton)
TRAVERSE CITY, MI	Sept. 15	11:00 a.m. EDT	Grand Traverse Resort & Spa 100 Gr. Traverse Vllge. Blvd., Acme
PETOSKEY, MI	Sept. 16	11:00 a.m. EDT	Stafford's Perry Hotel 100 Lewis St., Petoskey
SAGINAW, MI	Sept. 23	11:00 a.m. EDT	Horizons Conference Center 6200 State St., Saginaw
GRAND RAPIDS, MI	Sept. 28	11:00 a.m. EDT	Watermark Country Club 5500 Cascade Rd. SE, Grand Rapids
INDEPENDENCE, OH	Sept. 22	11:00 a.m. & 6:00 p.m. EDT	Holiday Inn Cleveland South 6001 Rockside Rd., Independence
DOWNERS GROVE, IL	Sept. 21	11:00 a.m. CDT	Chicago Marriott Suites Downers Grove 1500 Opus Pl, Downers Grove
CHAMPAIGN, IL	Sept. 22	11:00 a.m. CDT	Hilton Garden Inn Champaign 1501 S. Neil St., Champaign
BROOKFIELD, WI	Sept. 23	11:30 a.m. CDT	Mitchell's Fish Market 275 N Moorland Rd., Brookfield
WEBINAR*	Oct. 5	12:00 p.m. EDT	Register at: acadviser.com/education-center

Please RSVP at least 3 days prior to the meeting you plan to attend by visiting our website at

www.acadviser.com/education-center

or calling

(800) 345-4783

to reserve your seat.

Friends and family members are also welcome to attend!

We look forward to seeing you there!

*For those who can't attend an in-person meeting, the same content will be presented in this Zoom webinar.

Market Insights *(Continued from page 2)*

OUR MARKET OUTLOOK

Looking ahead, the economy will benefit as states fully reopen, vaccinations increase and consumers resume to their normal spending habits after a year in isolation. While obstacles and risks remain, it appears we are on a much better path as a sense of normalcy is returning.

Investors have already accounted for most of these positive economic developments. Now they are awaiting confirmation

that corporate earnings are sustainable at these higher levels and for indications when the Federal Reserve might begin to reduce their financial support for the capital markets.

Since stock returns are up substantially already, we expect more muted returns for the remainder of the year. In bonds, higher consumer inflation and better economic growth will probably hinder returns. We continue to work diligently to

analyze the environment and make strategic investment moves in client accounts as appropriate.

As always, investing in capital markets comes with some risk and uncertainty. We thank you for your continued support of our investment process as we work hard to deliver positive risk-adjusted portfolio returns to our clients. Should you have any questions, please do not hesitate to reach out to your financial adviser. ■

Investment advisory services are provided by Advance Capital Management, Inc.

Investments are not insured, and may lose money. Client should be prepared to bear the risks associated with investing. Fees and expenses apply to an ongoing investment, and over time will reduce the return of the investment.

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