

Episode #260: The Hidden Opportunity Amidst Market Unknowns

Video Transcription

Hello, and welcome to another episode of "Money Script Monday." My name is Luke Geller and today, we're going to be talking about the hidden opportunity amidst the market unknowns.

I want you to focus on the word "unknown," and think about just two years ago when everyone was facing one of the biggest unknowns we've ever had to face. It was the beginning of 2020. And think about it, in January, you probably had your New Year's resolutions.

You were probably planning on, you know, where you're going to travel that year. All the people you're going to see. You know, your business goals, your financial goals, all those things you were planning in January of 2020.

Come March, something called COVID came along and changed all those plans. And not only that, but we also hit a huge unknown of what was going to happen next.

I remember thinking back and being almost paralyzed with, "Can I even go out of the house? Can I even go to the store? Do I need to go to the store and get a bunch of toilet paper or, you know, canned goods because we're going to be stuck inside for the rest of our lives?"

You know, there were so many unknowns going on. And the reason I bring that up is, you know, we got through those, but we still have a lot of unknowns. And those unknowns and uncertainties are really on the financial side of things, right?

Really in your retirement, in the money you're saving, the money you're trying to earn interest on and potentially earn money on in the stock market. There are a lot of unknowns going on right now. And today, I want to try and address some of those.

What we're going to talk about is what we call the opportunity zone of peaking rates. And how we're going to do that is we're going to talk about the inflation cycle, that opportunity zone, the recession cycle, and then we're going to, you know, really bring it home with how that really affects you and how you can take advantage of it.

So, we're going to start off here in this inflation cycle. So that's what we've been going through recently, and really what we are trying to get out of. And the Fed is actually trying to get us out of it by having rising interest rates and increasing those interest rates so that way, that we can go to more of a deflation period as well.

But in the meantime, before we hit that, we're going through this inflation cycle and we're dealing with rising interest rates, which create pressure on bonds.

What that means is a financial vehicle that you've been told for the past decade is where your safe money should be, you know, a safe place for your money is actually having negative returns and is negatively impacted by these rises in interest rates, which is a big deal, right? Again, it creates more unknowns and uncertainty.

But what it also does is increases the benefits of interest-sensitive products. So, you know, as we're going through this inflation cycle, we hit this opportunity zone of peaking rates, which this rising interest rate environment created.

So, products like fixed index annuities, which are positively affected and have increased benefits because of their interest rate sensitivity, we're in the opportunity zone of a lifetime ultimately for those products. And

what are the benefits of those products? If you've heard of those in the past, you'd probably think, "Hey, that's a safe place to put your money."

You can create a pension-like income for yourself and you can protect your money and earn a little bit on return similar to a CD by utilizing these vehicles, which was all true and it still is all true.

The difference is now the benefits that you get, the income that you get from these products is going to be increased, you know, two to three times.

The interest that you can earn in these products, the fixed interest you can earn is going to be increased, and the participation that you can have with any stock market gains is also going to be increased. Now, let's take a step back.

I just said, you know, the potential of any future stock market gains you can also participate in. Well, when we're in this opportunity zone, eventually, the goal is to get into this recession cycle.

What the Fed is trying to do is get us into a deflation because, you know, we don't want to be in these 8% inflation rates forever. So, they're trying to get us back down to our normal inflation of 3%.

But in order to do that, most likely, a recession cycle is coming. And when that recession cycle comes, that creates equity risk. Now, most clients that we talk to, what they're worried about, what they're fearful about is, "Hey, we just went through all this market volatility, right? The market's been up and down. It's been like a roller coaster over the last year in 2022."

People don't want to sell or they... People don't want to do the wrong thing, I'd rather say. People don't want to do the wrong thing. They're scared of making the wrong decision, making the wrong choice. Is the market at the bottom?

If I sell now, then I can't, you know, have any of the gains on the way up. Why would I do that? Well, what if the market's not at the bottom?

Again, there are all these unknowns, and one thing we do know is that there are some things we can still take advantage of and put you or put your retirement portfolio in a great position to take advantage of the opportunity that we're in, which is this opportunity zone of peak rates.

Now, what that allows us to do, and what that allows you to do is not only protect a portion of your retirement nest egg, but also participate in those index gains, or in those market gains if there is a rebound. And if there's not, you don't have to worry about any losses. That's a lot of stress that you don't have to have anymore.

I want to take you back, you know, when I started this presentation, I opened it up by talking about COVID in 2020. Well, there was an opportunity zone in that timeframe. When COVID was happening, we had one of the lowest interest rate environments of all time.

I'm going to assume that most people on this call if you own a house or if you bought a house at that time, took advantage of that opportunity zone.

You most likely refinanced your house multiple times. You probably took equity out of your house. You probably also locked in rates at 2.25%, 2.75%, you know, etc. You locked in 30-year rates that we haven't seen in a long time.

Well, that was at a low-interest rate environment, one of the lowest in history. Now, we're back at this peaking rates, high-interest rate environment, so you can do the same thing except not with your house and mortgages, but with fixed indexed annuities.

These products are at an all-time high for benefits right now. And you can take advantage of it by utilizing and realizing that we're in this opportunity zone and protecting some of your money, and then creating either a huge income stream for yourself or creating that market

rebound without any of that market loss. Now, that is huge and again, I keep saying this, but it is a huge opportunity for you.

Now, I thank you all for attending today. I hope that you were able to take one or two pieces of information and really understand that, "Hey, there's a ton of unknowns going on right now. There's a lot of uncertainty in the market."

But what we went over today is one less unknown than you have. You know that there are benefits you can take advantage of. The important part is talking to someone that can help you take advantage of this, and making sure that, hey, this is right for you and that you want to protect a portion of your retirement assets and try and grow that as well within those.

So, again, thank you for joining us today. I hope we see you again soon.

My name is Luke Geller and until next time.