Investment Advice provided by USI Advisors, Inc. Under certain arrangements, securities offered to the Plan through USI Securities, Inc. Member FINRA/SIPC.

CORPORATE OFFICE:

95 Glastonbury Blvd., Suite 102
Glastonbury, CT 06033
860.652.3239*

USI Consulting Group is an affiliate of both USI Advisors, Inc. and USI Securities, Inc.

USI CONSULTING GROUP SERVICE REGIONS:

Atlanta, GA
Austin, TX
Boston, MA
Charlotte, NC
Chicago, IL
Cincinnati, OH
Cleveland, OH
Columbus, OH
Dallas, TX
Denver, CO
Detroit, MI
Fort Lauderdale, FL
Fresno, CA
Green Bay, WI
Houston, TX
Indianapolis, IN
Irvine, CA
Knoxville, TN
Long Island, NY
Los Angeles, CA
Louisville, KY
Minneapolis, MN
Nashville, TN
New York, NY
Omaha, NE
Orlando, FL
Philadelphia, PA
Phoenix, AZ
Pittsburgh, PA
Portland, OR
Seattle, WA
St. Louis, MO
Tampa, FL
Toledo, OH

** Inquire about the location nearest you*

"The Stock Market Sputters in September"

The U.S. equity markets were quite volatile in September, closing the month down from near record highs at the end of August. Whether it was fears of a possible U.S. default, rising inflation driven partially by supply-chain bottlenecks or the spread of the highly contagious Delta variant, fear reigned supreme in the month and caused markets to move downward. The S&P 500 plunged 4.7% in September, ending a streak of seven straight months of gains. Losses were rampant across the board from a sector standpoint, with only the energy sector posting a gain in the month. Fortunately, the index is still up 15.9% in 2021. The Dow Jones Industrial Average (DJIA) didn't fare much better, dropping 4.2% for the month, bringing the year-to-date return to 12.1%. The tech-heavy Nasdaq Composite index lost more than both, falling 5.3% but is still in line with the DJIA on a year-to-date basis. Finally, in the bond market, the yield on the benchmark 10-year U.S. Treasury note jumped significantly, from 1.30% to 1.52%. Not surprisingly, the Bloomberg U.S. Aggregate Index lost 0.9% for the month and remains negative in 2021.

During the month, investors began worrying about whether the U.S. would default on its debt. Janet Yellen indicated that if Congress would not raise the debt ceiling, the Treasury could run out of funds to pay U.S. debts by about October 18th. With the debt ceiling being reinstated back in August, the Treasury resorted to its cash reserves and "extraordinary measures" to pay the bills. Once those run out, the Treasury says it will fail to make its payments, causing an outright default, the first ever in U.S. history. With an increased risk of delayed payments, investors are demanding higher yield to hold some short-term Treasuries maturing in mid-October through mid-November. Moreover, if Congress fails to suspend or raise the debt limit before the deadline, lawmakers risk a default that could cost millions of jobs, threaten government benefits and cause the financial markets to crash. Although most debt ceiling increases have taken place without any issues in the past, we saw a similar crisis develop in 2011 and 2013, and market uncertainty continued until an agreement was reached.

Market Return Indexes	September 2021	YTD 2021
Dow Jones Industrial Average	-4.2%	12.1%
S&P 500	-4.7%	15.9%
NASDAQ (price change)	-5.3%	12.1%
MSCI Eur. Australasia Far East (EAFE)	-2.8%	8.8%
MSCI Emerging Markets	-4.0%	-1.3%
Bloomberg Barclays High Yield	0.0%	4.5%
Bloomberg Barclays Aggregate Bond	-0.9%	-1.6%
Yield Data	**Sept. 2021**	**August 2021**
U.S. 10-Year Treasury Yield	1.52%	1.30%

Inflation was another cause for concern during the month, with supply chain disruptions contributing to the rise in CPI data. Treasury yields continued to climb in September, reaching their highest levels since June. Inflation expectations grew following a Federal Reserve meeting that indicated the central bank was prepared to begin backing away from its accommodative policy that was instated to help the economy deal with the pandemic.

Specifically, the Fed signaled that they would likely begin tapering the bond-buying program soon (as soon as its next scheduled meeting in November) with the conclusion somewhere around mid-2022. Further, the committee revealed a growing inclination to start raising interest rates in 2022 if the progress continues broadly (towards maximum employment and price stability goal) as expected, with the Fed projecting six to seven rate hikes by the end of 2024. The anticipation of tapering has been a source of anxiety for investors over the last several months. Add in elevated inflation expectations for this year and next and it is not surprising to see markets react negatively to the news.

Continuing concerns over the surging Delta variant along with higher inflation has also had a negative impact on consumers' optimism. The Consumer Confidence Index declined yet again in September, following decreases in both July and August. The report showed consumer confidence weakened unexpectedly in September to 109.3, its lowest level since February and below expectations of 114.8. While consumer confidence is still relatively high by historical levels, the Index has now dropped 19.6 points from the recent peak of 128.9 reached in June, and this declining trend seems to indicate consumers have become more cautious and may start to curb spending going forward.

Overall, September was a relatively rough month, both in terms of returns and volatility in the markets, as well as regarding some disappointing economic data releases, as consumers slowed spending on travel and dining out amid the spread of the Delta variant. While U.S. equity markets are up significantly year-to-date and have endured one of the longest rallies without even a 5% correction (last occurred Q3 2020), valuations have become expensive relative to historical averages, and therefore, more sensitive to correct with adverse market headwinds. With inflation rearing its head, the Delta variant throwing a wrench into the return to normalcy, and more significantly, the threat of a first-ever U.S. default, it is no surprise that markets didn't continue their seemingly endless upward trend.

LEGAL UPDATE | New Guidance On Lifetime Income Disclosures

The Department of Labor (DOL) recently issued Frequently Asked Questions (FAQs) to clarify certain matters related to the interim final rule implementing the Lifetime Income Disclosure requirement mandated under the SECURE Act. Certain ERISA covered defined contribution plans (including profit sharing plans, 401(k) plans, and 403(b) plans) are now required to provide Lifetime Income Disclosure illustrations to participants at least once every 12 months. The Lifetime Income Disclosures are intended to give participants a realistic picture of what their monthly retirement income would look like based on their current retirement savings or current rate of savings. The rule became effective on September 18, 2021, and applies to benefit statements issued after such date. The FAQs answer questions regarding timing, lifetime benefit illustrations, and upcoming guidance.

The FAQs include the following:

- **Q&A1** clarifies that for participant-directed plans that issue quarterly benefit statements, the lifetime income illustration must be included on just one of the benefit statements provided in a 12-month period. The deadline to issue the first disclosure is within one-year of the rule's effective date of September 18, 2021. Therefore, in order to meet the deadline for the initial disclosure, Lifetime Income Disclosures must be included on any quarterly statement issued after September 18, 2021, but no later than with the benefit statement issued for the second quarter of 2022. The rule does not permit a delay beyond the end of the second quarter of 2022, since benefit statements for the third quarter of 2022 will be too late, because they will not be issued within one-year of the rule's effective date of September 18, 2021.
- **Q&A2** clarifies that for non-participant directed plans that issue only one annual benefit statement, the initial Lifetime Income Disclosure must be issued to participants for the first plan year ending on or after September 18, 2021. For calendar year plans, the first disclosure would be due with the benefit statement for the 2021 calendar year.

- **Q&A3** makes clear that lifetime income estimates need only be based on a plan participant's savings to date. However, the guidance clarifies that the Lifetime Income Disclosures may also provide lifetime income estimates based on projected future contributions or in-plan annuity options.
- **Q&A4** clarifies that the DOL intends to issue final rules as to Lifetime Income Disclosures as soon as possible. The DOL did not commit to providing any further transition relief before the rule is finalized.

These FAQs are characterized as temporary because they are based on an interim final rule. Plan sponsors should be aware that the final rule could contain different and/or additional guidance.

IRS Announces Tax Relief for Taxpayers in FEMA Declared Disaster Areas

The IRS has issued several announcements providing tax relief for many recent victims located in federally declared disaster areas, as declared by FEMA. This means the IRS has postponed the tax-filing deadlines for taxpayers who reside or have businesses in these areas, which cover many states and disasters.

The affected individuals and businesses who had October 15 deadlines to file tax returns will now have until January 3, 2022, to file. A complete list of the recent tax relief announcements can be found on the IRS website at: https://www.irs.gov/newsroom/tax-relief-in-disaster-situations.

If you have any questions or would like additional information, please contact your USI Consulting Group representative, email us at information@usicg.com or visit our website at www.usicg.com.

F*or previous market commentaries please click here.*

This communication is published for general informational purposes and is not intended as advice or a recommendation specific to your plan. Neither USI nor its affiliates and/or employees/agents offer legal or tax advice.

An index is a measure of value changes in a representative grouping of stocks, bonds, or other securities. Indexes are used primarily for comparative performance measurement and as a gauge of movements in financial markets. You can not invest directly in an index and, for comparative purposes; they do not reflect the effect of the various fees inherent in actual investment vehicles.

The S&P 500 Index is a market value weighted index showing the change in the aggregate market value of 500 U.S. stocks. It is a commonly used measure of stock market total return performance.

The Dow Jones Industrial Average is a price weighted index comprised of 30 actively traded blue chip stocks; primarily industrial companies, but including some service oriented firms.

The NASDAQ Composite Index is a market-value weighted index that measures all domestic and non-U.S. based securities listed on the NASDAQ Stock Market.

Gross Domestic Product (GDP) is the market value of the goods and services produced by labor and property in the U.S. It is comprised of consumer and government purchases, net exports of goods and services, and private domestic investments. The Commerce Department releases figures for GDP on a quarterly basis. Inflation adjusted GDP (or real GDP) is used to measure growth of the U.S. economy.

The MSCI Europe and Australasia, Far East Equity Index (EAFE) is a market capitalization weighted unmanaged index developed by Morgan Stanley Capital International to measure approximately 1,100 securities in 21 major overseas stock markets. It is a commonly used measure for foreign stock market performance.

The Barclays Capital U.S. Aggregate Index covers the U.S. Dollar denominated investment grade, fixed-rate, taxable bond market of SEC-registered securities.

The Barclays Capital U.S. Corporate High Yield Index covers the U.S. Dollar denominated, non-investment grade, fixed income, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's Fitch, and S&P is Ba1/BB+/BB+ or below.

The MSCI Emerging Markets Index (EM) is a free-float-adjusted market-capitalization index developed by Morgan Stanley Capital International. It is designed to measure the equity market performance of 26 emerging market countries.

The 10 Year Treasury Yield is the interest rate the U.S. government pays to borrow money for a 10-year period. In addition to influencing how much the government pays to borrow over this time-frame, the 10-year Treasury Yields also determines how much investors earn by investing in this debt and it is a good indicator of investor sentiment

The higher the yield, the better the economic outlook.

5021.S1001.0083