

## **Locking in a 8.54% Return for 12 Months (April 28, 2022)**

We are often asked about surplus cash savings you may have sitting in checking and savings accounts that is earning next to nothing. The question is simply what alternatives are out there that keep my money safe but will earn a higher interest rate?

As some of you may be aware, recent changes in the rate of inflation in this country have made for a very attractive investment idea. We thought we would pass along an idea that may make sense for some of you.

The interest rate on U.S. government issued I bonds has risen dramatically in recent months as the rate of inflation has soared. While I bonds have only yielded around 1% over the last decade, they are currently yielding 7.12%, and that rate is expected to climb to 9.62% on May 1st. If you purchase your bond by the end of April at 7.12%, you will lock in that rate for six months. On November 1st, the likely 9.62% would then take effect for the next six months, locking in an annualized 8.54% for the next 12 months!

The downside of purchasing I bonds is the limit on how much you can purchase. The limit per person, per year is \$10,000. The holding period for any Series I bonds is a minimum of 12 months, and you cannot redeem it any earlier. The last three months of Series I bond interest is forfeited if you cash out before five full years. If you desire, they can be held until full maturity at 30 years. Investors owe taxes at the time of Series I bond redemption, but you will have the option to pay taxes as they accrue. The taxes are potentially fully avoidable if the investor is in a lower tax bracket and is using the proceeds to pay college expenses (tuition and fees only).

Keep in mind that with a zero base interest rate, I bonds would earn less if inflation falls, rates reset, and the Series I bond's variable rate falls. Also remember if you think you will need the funds in the next 12 months, it's probably not a good idea to purchase I bonds.

How has your portfolio held up in the recent market volatility? It may be time to consider a Tactical Asset Allocator, such as Mainstay Capital Management that utilizes all investment strategies available, like I Bonds and other alternative investments, to generate positive returns and protect portfolios, especially in environments like 2022 that have been so hard on both traditional stock and bond investments.

This is exactly the time to put the research, analysis, portfolio strategies, and personal financial planning expertise of Mainstay Capital Management to work for you. To get started, simply complete and return the “Client Profile” and “Investment Advisory Agreement” from the information kit we previously provided. If you need new application materials, have more questions, or would like to discuss your personal situation in more detail, please contact me at **810-953-5510**. You can also visit Mainstay online at [www.mainstaycapital.com](http://www.mainstaycapital.com).

Sincerely,

David Kudla, CMFC<sup>®</sup>, CRPC<sup>®</sup>, CWM<sup>®</sup>, ChFM<sup>®</sup>, AAMS<sup>®</sup>

*CEO & Chief Investment Strategist*

Mainstay Capital Management, LLC

Twitter: [@David\\_Kudla](https://twitter.com/David_Kudla)

Twitter: [MainstayCapital](https://twitter.com/MainstayCapital)

Mainstay Capital Management, LLC is an independent, Registered Investment Advisor with \$3.8 billion in assets under management. We provide comprehensive wealth management services for our clients worldwide. Mainstay has been ranked by Barron's as one of the “Top 100 Independent Financial Advisors” in the country for the past thirteen years and recognized by Forbes as one of the “Top 100 Wealth Advisors” in the nation. Mainstay Capital Management is a fee-only advisor and does not represent nor is paid commissions or other compensation by brokers, mutual funds, insurance companies, or banking institutions. Please note that any particular securities mentioned do not represent all of the securities bought, sold, or recommended for advisory clients and recommendations may change at any time. Also, it should not be assumed that investments in any securities mentioned were or will be profitable. A list of all Mainstay recommendations for the prior year period is available upon request. Past performance is no guarantee of future results. All MCM client accounts are individually managed. Therefore, actual client results will vary. The S&P 500 Index is an unmanaged, broad-based market value-weighted index dominated by large cap stocks that is commonly used to measure the performance of the U.S. stock market. The NASDAQ Composite is an unmanaged, market-value weighted index of all common stocks listed on the NASDAQ stock exchange and is commonly used to track technology stocks. These indexes include the reinvestment of dividends, interest, and capital gains. The index combinations of the S&P 500 and NASDAQ have been selected for comparison to the MCM Portfolio Composites as appropriate. Both are well-known, widely recognized indexes. The volatility of these index combinations may be materially different from that of client portfolios. This material is presented for informational purposes and to display the performance of MCM's portfolio strategies.

Copyright 2022. Mainstay Capital Management, LLC. All Rights Reserved.