

THE COMMUNIQUE

January 2021

MAJOR INDICES	CLOSE	MTD	QTD	YTD
S&P 500	3726.86	- 0.79%	- 0.79%	- 0.79%
Dow Jones Industrials	30391.60	- 0.70%	- 0.70%	- 0.70%
NASDAQ Composite	12818.96	- 0.54%	- 0.54%	- 0.54%

U.S. TREASURIES	YIELD
5-yr Treasury Note	0.38%
10-yr Treasury Bond	0.95%
30-yr Treasury Bond	1.70%

Information as of January 5, 2020

Source: Thomson Reuter's Thomson One

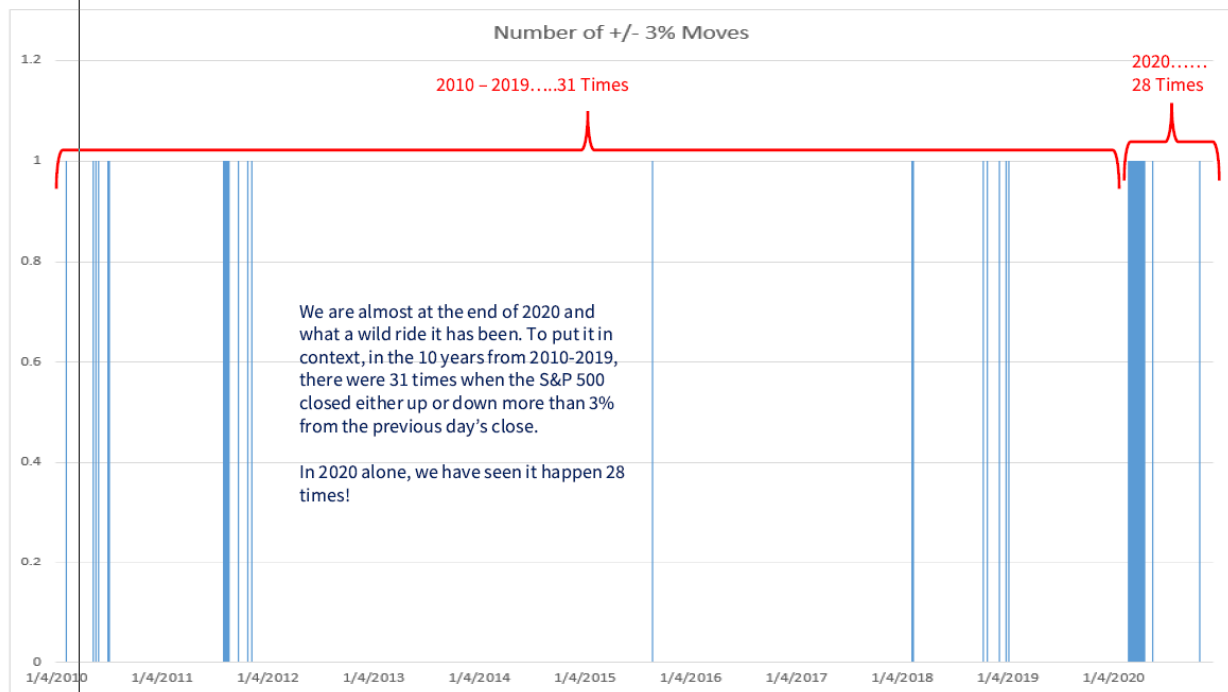
MARKET COMMENT

Turning the Page

We believe, if asked, that most people would say, “good riddance” to 2020! It was a year of many hardships, yet in the midst of such darkness, new glimmers of hope were born in the form of a robust housing market, increased individual saving rates, a recovering stock market, and American businesses showing their mettle of adjusting for the times. So, with eager anticipation, we turn the page to 2021, and look forward to a fresh new year which brings changes politically, economically, and, most critically, the turning back of the COVID-19 virus with the coming vaccine.

The stock market closed 2020 with an optimistic tone, leaving investors in awe of the historically turbulent year. The following chart provides a handy reminder of the year’s volatility, and a worthy historical footnote of the stock market risk buffeting investor’s net worth.

2020 Has Been A Wild Ride



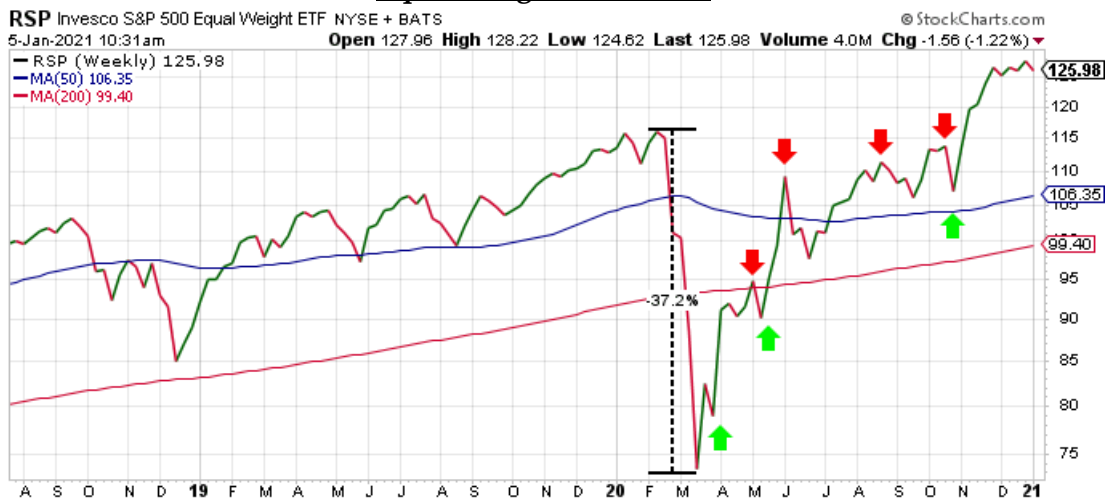
As we enter the new year, a multitude of risks lurk around investors, such as vaccine setbacks, virus expansion, slower economic growth, overextended stock market, and negative fiscal policy changes by the new administration. Along with these macro challenges, there's a bevy of anecdotal factors including record Initial Public Offerings (IPO) levels, historically high margin debt levels, 10 million new online brokerage accounts of individual investors who have "figured out" how to beat the stock market, untold levels of "expert" advice on the next Tesla via social media, fractional-share investing of high priced stocks, and "free" or no commission stock accounts. All of which reminds us of another era – which eventually led to the 2000 Tech Bubble collapse. So, should we "button down the hatches," and prepare for an ugly Bear (down) market – probably not yet. During most recessionary recoveries, like this past year, we see very quick movements up in the stock market (albeit this one was exceptional), then corrections, then a continuation of the upward trend, with some point in the future having risks even higher than the current levels. As we know, no one can accurately predict the future, so we continually weigh the evidence and it would appear better times are ahead for our economy and markets. But, as always, we will be watching the evidence closely for any change in trend.

Thank you for your continued trust and confidence. It is greatly appreciated.

Cap Weighted S&P 500



Equal Weighted S&P 500



PLANNING STRATEGY

Raymond James "Point of View" article. M20-3335170

The Gift of Appreciated Stock

For many of us, the holidays are a times to connect with loved ones, make family memories, and give back to the charities that mean the most to us. It's often an appropriate time to get your portfolio in shape and diversify where necessary as well.

Consider this in the new year: donating long-term appreciated securities has the potential to help you realign your portfolio *and* give back tax-efficiently to the causes you care about. When done right, your donation may have an even greater impact for the lucky recipient.

A gift for them, a (tax) break for you

Donating appreciated stock offers several benefits – chief among them, the ability to make a larger value donation than giving cash after liquidating. You can avoid capital gains tax on the appreciated amount that you would have incurred had you sold the stock, and you get a tax deduction for the full

fair market value of your long-term capital gain asset – up to 30% of your adjusted gross income. Plus, as mentioned earlier, it's a way to reduce a concentrated equity position and help bring your portfolio back in line with your goals.

Here are four benefits of donating appreciated stock:

1. The tax deduction for the market value of the donation
2. Federal capital gains taxes savings in the amount you otherwise would have incurred from selling the stock outright
3. An opportunity to rebalance your portfolio in line with your financial plan
4. The ability to benefit a charity by the full appreciated amount of the stock

Giftting stock to a donor advised fund (DAF)

Donating to a charitable DAF tacks on another great benefit: the potential to grow your donation, tax-free. Donors use the fund as a financial planning tool to enhance their charitable giving. According to your recommendations, the fund – a charity in and of itself – then distributes the contributions to approved 501(c)(3) organizations over time. Additional benefits of DAFs include the ability to make contributions whenever you please and claim the tax deduction when it works best for you and your financial plan, as well as providing an easy and cost-efficient way to get multiple generations involved in your family's philanthropic endeavors.

A bunching strategy can also work particularly well with DAFs. If you're charitably inclined but won't have sufficient itemized deductions to exceed the increased standard deduction, you may wish to bunch deductions by making a large charitable gift during a single year, equal to the total donations you would have made over several years. This can help you take advantage of itemizing in the year of your large donation, while taking the standard deduction in future years.

There are several factors to take into account when deciding how best to share your wealth. We are happy to walk through the many options with you to find the best path for you, your family and your financial plan.

Sources: forbes.com, wsj.com, jasandiego.org, investopedia.com

Diversification does not guarantee a profit nor protect against loss. The process of rebalancing may result in tax consequences. This material is not intended as tax advice. Please consult your tax advisor for further information. Donors are urged to consult their attorneys, accountants or tax advisors with respect to questions relating to the deductibility of various types of contributions to a donor advised fund for federal and state tax purposes. To learn more about the potential risks and benefits of donor advised funds, please contact Raymond James.

LIFE & LEISURE

Raymond James "Point of View" article. M20-3286996

How to "Fail Forward" and Capitalize on Your Backs

Failure is essential to future success.

Yes, you read that right.

A study by the *Psychology of Sport and Exercise* journal found that while failure hurts self-esteem and creates negative emotion, future performance was not impaired by failure. In fact, researchers surmised it was a prerequisite to success.

This year may have been more challenging than others for some, as many have struggled to meet their needs, much less their goals, amid the pandemic. But people are taking this time to reevaluate their priorities and what they want their life's focus to be. An article by *Washingtonian* magazine sums it up well: "Some people are moving, breaking up, considering a career change or finally starting passion projects."

Regardless of what obstacles you find yourself wading through, there are lessons to be learned about how to use failures to your advantage. Here are tips for capitalizing on your setbacks.

Embrace it

Failure is part of everyone's story, so try to embrace your own setbacks as part of your journey. Take it from **Michael Jordan** (who some call the greatest of all time, let's remember!). In a decade-old commercial, Jordan recounts the 26 times he was trusted to make a game-winning shot and missed. He goes on to say, "I've failed over and over and over again in my life. And that is why I succeed." If failure is part of this legend's story, we're in good company if it's part of ours.

Experiencing defeat prepares you for dealing with future obstacles – and opens you up to more opportunities. Because if you're comfortable with the fact that setbacks are to be expected, you're more likely to take on a challenge in the first place. Additionally, fear of failing can inhibit decision-making and stifle growth. Knowing it's part of the process, and you've come out on the other side before, will empower you to forge ahead.

Reflect on it

It's important to realize why you failed in order to move on. Revisit your experience to determine if there was anything you could've – or perhaps should've – done differently. An honest assessment requires quite a bit of self-awareness because defense mechanisms can hide failure (denial is not uncommon). But, if you do the analysis, you'll be better set up for future success.

Recognize that recovery isn't always immediate. Acknowledge your failure, learn to sit with it – and ultimately accept it. The goal? Being able to start fresh (with your newly acquired knowledge, of course). According to **Sir James Dyson**, inventor and founder of the Dyson company, "Failure is the starting point." And he certainly knows. It took 15 years and 5,126 prototypes before he successfully created the first dual cyclone vacuum cleaner. Now that's determination!

Be content

Striving for success can be all-consuming. But when the reality of failure hits, it may inspire you to look to other aspects of your life for happiness. Contentment is a different form of success, and media mogul **Oprah Winfrey** can vouch for this. Despite a humble beginning and a rocky start to her journalism career, she rose to international prominence through talent and perseverance. Through numerous personal and professional setbacks, she found fulfillment in staying true to herself and serving others. That passion, she says, is the secret of her success. Going through failure, you gain an

appreciation for the people around you, who you support and they, in turn, support you. It inspires a deeper connection with them – and with yourself.

Redefine priorities

Failing also can help you clarify the future. It forces you to take a good, hard look at your current situation and journey thus far, then determine which path to continue down. You hold the power to make that decision. This was the case with **Sara Blakely**, founder and owner of Spanx.

Blakely had every intention to follow her father’s footsteps into law, but the LSAT bested her. Twice. An audition to become Goofy did not land her in the happiest place on earth either. Selling door- to-door fax machines, of all things, proved her perseverance and inherent sales skills. All she needed was a product she cared about. Thus, her shaping undergarment company was born.

If failure gives you the opportunity to realign your priorities, it’s smart to have an emergency fund in place to provide a cushion as you readjust. The idea of an emergency fund, of course, is to offer flexibility when things don’t go as planned. You can rely on your advisor to help you set aside enough funds to give you the room – and security – to fail forward.

Experiencing failure does more than “build character,” it’s a prerequisite for success. Look closely at your own ups and downs for those hard-earned lessons. It’s all about how you use them to motivate yourself to move forward.

Next steps

Learn from the past:

- Reflect on your past setbacks to ensure you keep learning from your experiences
- Realize the feeling of failure is temporary and you’re one step closer to success
- Ask us to help you set up an emergency fund for when things don’t go as planned

Sources: washingtonian.com; inc.com; psychologytoday.com; entrepreneur.com; youtube.com; forbes.com; cnbc.co

Quote of the Month: “Difficulties strengthen the mind, as labor does the body.”

— **Lucius Annaeus Seneca**

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Planning - [The Gift of Appreciated Stock \(raymondjames.com\)](#)

Life & Leisure - [How to “Fail Forward” and Capitalize on Your Setbacks \(raymondjames.com\)](#)

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