

THE COMMUNIQUE

June 2021

MAJOR INDICIES	LAST	MTD	QTD	YTD
S&P 500	4195.99	0.35%	5.62%	11.71%
Dow Jones Industrials	34323.05	1.32%	4.07%	12.14%
NASDAQ Composite	13738.00	-1.61%	3.71%	6.59%

U.S. TREASURIES	YIELD
5-yr Treasury Note	0.78%
10-yr Treasury Bond	1.58%
30-yr Treasury Bond	2.26%

Information as of May 26, 2020

Source: Thomson Reuter's Thomson One

MARKET COMMENT

Watching and Waiting

One of the most difficult investment activities is watching and waiting. Investors tend to enjoy the process and thrill of tracking the market up or down, figuring out what to buy or sell, and constantly comparing results to our own portfolios. We often find it difficult to simply watch and wait. But exercising patience during periods of uncertainty allows those willing investors to avoid many of the minefields that come with over-reaction.

So what are we watching and waiting? Currently the greatest unknown is inflation and the possibility of increasing interest rates. If I had to guess, the stock market has already "priced-in" the appropriate amount that investors think the economy will grow through the end of 2021. As such, the stock market is now trying to determine if it properly valued future economic growth or if economy will suffer in the future due to continued rising inflation – which could result in rising interest rates and slower consumer and business activity. Another unknown is at what speed and timing these events could occur.

The current stock market levels are at fairly high valuations and, if indeed inflation becomes prevalent, and interest rates move up meaningfully, then the market has two options to address this change: (1) continue moving sideways until levels are in sync with revised expectations, which would take time to

create attractive buying opportunities or (2) decline in value to a level reflecting revised expectations, which would offer better buying opportunities, but with more volatility. Much depends on whether the recent inflationary pressures are temporary or the start of a long-term inflationary period. If the latter, much will depend on the speed and timing of inflation and whether the Federal Reserve continues causing economic disruptions through its monetary policy.

For many years we have enjoyed declining inflation and low interest rates that allowed companies to prosper. In turn, investors owning those stocks, which have risen significantly above long-term trends, also prospered. So with the recent inflation uptick, fear is gripping some investors and they are beginning to question the continuation of the overvalued stock market and the possibility of a deep decline. It has been many years since inflation was meaningful enough to warrant consideration of its impact on our economy, so it may take some time to determine what the future looks like – assuming these inflationary pressures remain longer-term.

In the meantime, we will be watching and waiting!

PLANNING STRATEGY

Raymond James "Point of View" article. M21-3445352

The Three T's of Effective Trustees

Choosing a trustee – the person or entity who'll manage the assets within your trust – is no easy task. This important role comes with a number of responsibilities and liabilities, and it can be a challenge to find a loved one who's able and willing to take on the task – which is one reason many investors use a corporate trustee.

Whichever type of trustee you choose – individual or corporate – you'll want to keep a keen eye out for a few particular characteristics. Look for a trustee that fits the "three T's" – time, temperament and tenure. Here's why:

Time

Managing a trust takes a notable time commitment. Your trustee will need the availability to manage a multitude of tasks and liabilities like disbursing income to beneficiaries, filing the trust's income tax return, maintaining records of all transactions and countless more, so consider whether their current schedule allows for these additional responsibilities. Time also refers to their longer-term ability to hold this important position – will they still have the capacity and ability to serve as your trustee in years to come?

Temperament

Your trustee needs to display the right degree of impartiality. Family dynamics can add an emotional layer of complexity to estate planning, and your trustee will need to make decisions without exhibiting bias or bending to external influence. In fact, your trustee has a legal duty to manage the trust in the best interests of both its current and future beneficiaries. They'll be held liable for a number of duties such as ensuring all beneficiaries are informed of the trust and its administration, identifying conflicts of interest, and complying with all specific trust document provisions as well as state and federal

governing laws. You'll want to confirm that they both understand these responsibilities and can carry them out with professionalism.

Tenure

Your trustee should have the knowledge, background and skillset to efficiently manage a trust account. Not every family member or friend will have experience with the financial and administrative responsibilities involved, which can include principal and income trust accounting, investing and tax reporting. Be sure your selected trustee is familiar with the tasks they'll need to handle – and that you're confident in their ability to complete them correctly and in a timely manner.

Selecting a trustee is an important decision – one that deserves thoughtful consideration. We can help walk you through the decision-making considerations involved – and may also be able to recommend an experienced, reputable corporate trustee, should you decide to use one.

LIFE & LEISURE

Raymond James "Point of View" article. M21-3593337

Buckle Up and Pare Down: Shed the Excess Clutter

Most of us are drowning in stuff. Nearly 25% of people with two-car garages don't have room to park cars inside, according to a 2012 Department of Energy survey, and 9.5% of all U.S. households rent a self-storage unit, according to 2019 data from the Self Storage Association. And that was before adult children moved back home. In September 2020, a Pew Research Center analysis showed the share of young adults living with their parents (52%) surpassed the previous peak during the Great Depression.

Enter the rise of the organizing guru. From HGTV's "Hot Mess House" with Cassandra Aarssen to Netflix series "Tidying Up with Marie Kondo" and its new cousin, "Get Organized with The Home Edit," there are plenty of shows to inspire you to "let it go" in the name of downsizing, moving or simply making your space a more calming retreat.

We've collected their savviest advice for you to unpack, from what to do with family heirlooms to how to sort.

Preserve the story

Your home's treasures are ready for their close-up. It's time to make a video inventory (also important for insurance reasons). As you capture each object, tell the story as well: "This belonged to Great Aunt Mary and it survived a war." Share this video with children or loved ones you want to pass along heirlooms to, then give them a deadline, say a month, to decide what they want. What's left over you can sell without guilt, but do some homework first. A search of "sold" listings on eBay or Kovel's can help you peg an item's value. You never know when you might come across an "Antiques Roadshow"-type gem.

Here are some ideas for preventing family squabbles over the keepers:

- Give the items away while you're living
- Send a list of mementos and their intended heirs to your estate's executor for safekeeping
- Make a video clarifying who each item will go to, and store the file with your will
- Put the heir's name on a piece of tape and secure it to the bottom or back of the item

Create a masterpiece

If you come across an item with sentimental value that otherwise is just taking up space, honor it with a photo shoot and then let it go. If you want to get fancy, still-life photographers like The Heirloomist turn mailed-in keepsakes into art that memorializes the story. "Clients have sent all kinds of objects to be shot: a violin, a dog collar, a Superman light fixture," The Heirloomist's Shana Novak told Oprah magazine. "These items are heirlooms because someone says they are – and because they have stories to tell."

You could also repurpose vintage shirts or hankies by having them sewn into a quilt, or old costume jewelry into hair pins – whatever new form sparks joy.

Sort like a pro

If you're working room by room, take everything out of closets, drawers and containers so you can "macro" sort and put everything back in an organized way. "Perfection can be paralyzing," Aarsen says, so it's best to keep it simple with piles for keep, toss and give away. Once you've winnowed down your belongings, storing items in broad categories or "zones" that you intuitively understand will help keep your home neat, according to The Home Edit's blog.

Get a second opinion

If organizing on your own sounds daunting, enlist a friend or family member to help you make decisions about what to let go. If you're downsizing and giving items to loved ones, it makes sense to involve them in decluttering, even if it's over video chat. You can also hire a senior move manager (find one at nasmm.org) or personal organizer (napo.net) if you require professional help.

Let things breathe

When you're putting the items you're keeping away, it can be tempting to cram your closets to the rafters. Organizers know that will only set you up for failure when it's difficult to find things. Instead, leave a bit of space between objects so your storage is both functional and beautiful.

Contain yourself

Resist buying drawer organizers and bins until you know what you are going to keep. You might find you have all the containers you need – or not. Rolling racks were the perfect solution for one oddly shaped closet on "Hot Mess House;" clear bins were the ticket for a highly visual "Get Organized with The Home Edit" client. There are many solutions out there. Search "storage container flow chart" to get ideas.

In the words of Thoreau, "The price of anything is the amount of life you exchange for it." If it feels like your objects own you, and not the other way around, try some of the tips above to free yourself. You might be surprised at how letting go of the past makes way for the future you've pictured for yourself.

Sources: Department of Energy; selfstorage.org; Pew Research Center; Oprah magazine; thehomeedit.com; apartmenttherapy.com; nue.org; ThinkAdvisor; Wayforth.com; Reddit

Quote of the Month: “It is very strange that the years teach us patience – that the shorter our time, the greater our capacity for waiting.”

— Elizabeth Taylor

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Planning - [The Three T's of Effective Trustees \(raymondjames.com\)](http://raymondjames.com)

Life & Leisure - [Buckle Up and Pare Down: Shed the Excess Clutter \(raymondjames.com\)](http://raymondjames.com)

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