GATEWAY
INVESTMENT MANAGEMENT
OF
RAYMOND JAMES®

THE COMMUNIQUE

March 2021

MAJOR INDICIES	LAST	MTD	QTD	YTD
S&P 500	3768.47	-1.12%	0.33%	0.33%
Dow Jones Industrials	30294.14	-0.03%	1.04%	1.04%
NASDAQ Composite	12723.47	-3.55%	-1.28%	-1.28%

U.S. TREASURIES	YIELD
5-yr Treasury Note	0.78%
10-yr Treasury Bond	1.55%
30-yr Treasury Bond	2.32%

Information as of March 4, 2020 Source: Thomson Reuter's Thomson One

MARKET COMMENT

Transitions

The past 12 months have been inundated with transitions due to the COVID-19 virus. Some were life changing, while others transitory. Yet, if we take an introspective view of our lives, both before and after the pandemic, many will agree that life is always filled with transitions: growing up as a youngster, education/training, careers, marriage, children, retirement – and that's just scratching the surface of our many adjustments in life. Even our weather rapidly changes, going from bitter single-digit temperatures to balmy spring-like weather in a matter of one week. Accepting that transitions will, inevitably, happen is a good starting point, but what transitions will the stock markets and interest rates be initiating in the coming months of 2021.

So far we've seen some major shifts from 2020, with a general feeling that the U.S. economy should be moving strongly ahead in the coming months. The expansion of the COVID-19 vaccine, the relaxing of state closures and capacity-limit mandates, an eager consumer wanting to spend, continued Federal Reserve easy-money policy, and our Federal government itching to continue the flood of stimulus money are all attributable factors. But the stock market has not missed any of this, and is transitioning to capitalize on these adjustments. We have seen the sky-high Technology sector cool down to accommodate more economically sensitive stocks like Small Caps and Financial stocks, which are up ~14%. The Transportation sector follows with a ~9% return in 2021. On the declining side, we see

Utilities down 8% in the past 2 months, and the 2020 glittering return of Gold has tarnished to a ~10% decline.

These changes seem to be precipitated by steadily increasing interest rates, which ultimately benefit financial stocks. Similarly, small company stocks have strongly benefited from an improved timeline for reopening the economy. On the flip side, however, Utilities are a casualty to rising rates, and technology stocks are under profit-taking pressure, but could see a move back up in the coming months. There no doubt that rising interest rates is the main culprit of many of these changes. As you can see on the chart below, the 10-year Treasury yield has experienced a significant rise, suggesting that inflation, which has been muted for many years, may now be awakening from its slumber. We will be watching closely for future development in this area, because it could be a major market game changer if inflation rises strongly. Isn't there always something we must deal with, yes, transitions are always there!

PLANNING STRATEGY

Raymond James "Point of View" article. M2-3459341

Eight Essential Documents for Your Estate Plan

Estate planning is more than just creating a will. Here's a look at the different documents you may need to prepare for yourself and your family.

1. Last will and testament

A legal document used to distribute property to heirs, specify last wishes, name guardians for minors and identify who is responsible for managing the estate and implementing your wishes. Every adult needs one. If you don't decide who will take care of your children and who gets your possessions, the state will.

2. Durable financial power of attorney

A durable power of attorney gives someone you trust authority to handle your financial and legal decisions if you're unable to do so yourself. Of course, the person selected needs to be someone who will represent your best interests. This role also has particular importance for individual retirement accounts – if you become incapacitated, your power of attorney assumes management of those assets, not the beneficiary listed to receive them in the event of your death.

3. Durable medical power of attorney

You assign a healthcare proxy or durable power of attorney to make medical decisions for you when you are incapable to do so for some reason. This person will need relevant health information, so be sure to include a HIPAA provision that gives your physicians permission to disclose your medical information.

4. Living will and medical directives

A living will lets you specify what types of medical treatment you want to sustain your life, if you're terminally ill or are in a vegetative state. Medical directives apply if you become incapacitated and are unable to communicate your wishes for treatment.

5. Revocable or living trust

In many states, a living trust can be used to distribute property a little more privately than a will. It also can help avoid a costly and stressful probate court process and may offer substantial tax benefits. Living trusts can also be used to transfer assets in an orderly, and private, manner. You can even stipulate provisions for the bequests, if you wish.

6. Beneficiary forms

For insurance policies, retirement accounts and some other assets, the beneficiary form prevails over the will. So whomever you've named will receive those assets unless you update the form. It's a good idea to keep current copies, as well.

7. Letters of instruction

A way to share any wishes not covered by a will, such as preferences for your funeral, how to care for your pets or whether you want to donate your organs. You may also want to document how you'd like your digital assets to be handled – if so, be sure to include instructions for accessing the relevant accounts and files.

8. List of contacts

A detailed list of people to contact in certain circumstances, including family, friends and the professionals who oversee your legal, financial, insurance and health matters. Consider signing a **contact authorization form** to authorize a third person (such as an advisor or attorney) to communicate with a designated contact person if there are questions or concerns regarding your health status, including mental capacity.

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LIFE & LEISURE

Raymond James "Point of View" article. M21-3450838

Six Key SECURE Act Take-Aways for Individual Investors

The Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019 has wide-reaching impacts on retirement savings and estate planning for many Americans.

Review some of the law's key components below. Your advisor can help provide more detail and recommend adjustments to your retirement and estate plans, if warranted.

1. It removed the provisions for inherited "stretch" IRAs.

Previously, non-spousal beneficiaries of retirement accounts such as 401(k)s and IRAs could typically spread – or "stretch" – distributions over their life expectancy. The law now requires most beneficiaries to take distributions from the inherited retirement account over a 10-year period, rather than over their life expectancy.

The rule affects beneficiaries of account owners that pass in 2020 and beyond. Beneficiaries of account owners who passed away in 2019 and earlier are grandfathered under the old rules and may continue to stretch distributions over their life expectancy. Other exceptions to the rule include spousal beneficiaries, beneficiaries who are chronically ill or disabled, and beneficiaries not more than 10 years younger than the original account owner. Minor child beneficiaries of the decedent may use the stretch until they reach the age of majority and will then follow the 10-year rule.

If you have named a trust (known as a "pass-through trust" or "conduit trust") as a beneficiary of your retirement accounts, speak with your estate attorney to review the law's details. These trusts often have language that allows trust beneficiaries to receive only required minimum distributions (RMDs); since now there are no RMDs until the 10th year, the trust's current language may only permit one distribution in the final year, potentially creating a substantial tax liability.

2. It increased the age at which RMDs must be taken.

Previously, most individuals were required to take RMDs from their traditional IRA and 401(k) accounts starting in the year they turn 70½. The SECURE Act delays this required beginning date to age 72, and individuals may still wait until April 1 in the year after turning 72 to take their first distribution.

3. It removed the age limitation for contributing to an IRA.

Previously, you couldn't contribute to a traditional IRA after age 70½. The law has removed that age limit. This is particularly significant for those who continue to work later in life, and it aligns with contribution rules currently in place for 401(k)s and Roth IRAs.

4. It added penalty-free distributions for the birth or adoption of a child.

Now, $5,000 per parent may be distributed from a retirement plan without the 10% penalty in the event of a qualified birth or adoption. The distribution would need to occur within one year of the child's birth or the adoption's finalization.

5. It changed the “kiddie tax” provisions.

The 2017 tax law changed how unearned income for some children was taxed, using the rates for estates and trusts rather than the parent’s marginal rate. Now, this change has been reversed, and unearned income for some children will once again be taxed at the parent’s marginal rate.

6. It added to the list of qualified expenses for 529 plans.

The list of qualified expenses for 529 plan distributions has been expanded – notably, distributions for apprenticeship programs and “qualified education loan repayments” are now allowed. Up to $10,000 may be distributed to pay both principal and interest for qualified education loans for the plan beneficiary, and an additional $10,000 may be used to repay loans for each of the plan beneficiary’s siblings.

The content provided herein is based on Raymond James’ interpretation of the SECURE Act and is not intended to be legal advice or provide a tax opinion. This document is a summary only and not meant to represent all provisions within the SECURE Act.

Quote of the Month: “It is when we are in transition that we are most completely alive.”
— William Bridges

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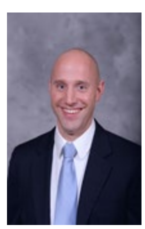

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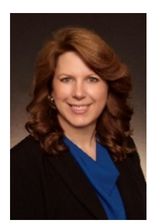

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Planning - [8 Essential Documents for Your Estate Plan (raymondjames.com)]
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