

THE COMMUNIQUE

May 2020

MAJOR INDICES	CLOSE	MTD	QTD	YTD
S&P 500	2939.51	13.73%	13.73%	-9.02%
Dow Jones Industrials	24633.86	12.40%	12.40%	-13.68%
NASDAQ Composite	8914.71	15.77%	15.77%	-0.65%

U.S. TREASURIES	YIELD
5-yr Treasury Note	0.36%
10-yr Treasury Bond	0.63%
30-yr Treasury Bond	1.25%

Information as of April 29, 2020

Source: Thomson Reuter's Thomson One

MARKET COMMENT

Foreboding

There is no doubt that the world is a different place than it was a few months ago. Over the past 4 weeks our routines, experiences, interactions (or lack thereof) have been anything but normal. There's no more handshaking or traffic jams. There's a constant army of dogs being walked and online shopping has emerged as the new Sears catalog. Getting groceries requires more preparation than open-heart surgery – hand sanitizer, a face mask, gloves, and social distancing (and, for some, the additional step of clothes dropped in the washer and a mad dash to the shower). We've also adjusted our social lives. We now do Zoom meetings and virtual wine tasting with friends. There's been a revival of jig saw puzzles, reading, and new/old games like Gin Rummy and Monopoly. It's easy to imagine that some of these adaptations will be permanent, but as we are allowed to resume our previous lifestyles, some of the familiar habits will return as well. Although the world will forever be different, it will also be similar.

The present bear market found a current bottom and, with a rocket like trajectory, the major indices have continued their move upwards (see chart below). All the while, investors continue to ignore the negative news of the impending recession, rising unemployment, business struggling to stay financially solvent, and, of course, the massive healthcare problem caused by the COVID-19. Since WWII, our country has not experienced such a physically and economically devastating event. So why

is market confidence lifting so quickly? In one word, “liquidity”. As much as the coronavirus outbreak has been a novel event, the response of international governments and central banks is truly unprecedented. Never in our country’s history have we witnessed such fast reaction by our own central bank, much less Congress, providing financial relief to individuals, business, and the global economy. What the Federal Reserve has accomplished in these past weeks has provided a safety-net for investors to venture out into the unknown economic future of consumers and businesses. The massive debt created by the Federal Reserve will be dealt with in the future, but for now, its job is to save the economy from a depression. As a result, investors feel comfortable walking further out on the stock market’s shaky limbs.



These things are known, but figuring out what’s next for the market is much trickier. The market is likely assuming that corporate earnings for the 1st quarter will be spotty, and 2nd quarter will be horrible, but there seems to be an expectation for a rebound in the 3rd and 4th quarters of this year. This hope is tied to the unprecedented financial assistance by the Federal Reserve and Congress. But what if the second half of 2020 continues to limp along? What if painful market declines occur again or if the earnings rebound is already priced into the market? According to the charts, we haven’t yet received the “all clear” signal, but the recent bottom does provide an opportunity to add long-term investments dollars over the coming weeks and months ahead – especially in declining periods. We believe it is better to be risk conscious during these historic times, but we will remain nimble investors.

As always, if you have any questions or concerns, please feel free to call or email us anytime. We appreciate your patience and trust in this most challenging times. Like all difficulties, opportunities will unfold in the coming weeks and months ahead. Thank you.

PLANNING STRATEGY

Raymond James "Point of View" article. M20-3019516

CARES Act: Retirement Plans, Distributions, and Contributions

Passed on March 27, 2020, the CARES Act provides an estimated \$2 trillion in fiscal stimulus to combat the economic impact of COVID-19 and provides the healthcare industry the financial support, equipment and protection it needs to combat the virus.

Below, review some of the major provisions in the CARES Act related to retirement plans, distributions and contributions.

Penalty-free distributions

A coronavirus-related distribution of up to \$100,000 can be made from IRAs, employer-sponsored retirement plans or a mix of both by an individual impacted by the coronavirus.

A coronavirus-related distribution includes one that is made to:

- An individual diagnosed with COVID-19.
- A spouse or dependent of a person diagnosed with COVID-19.
- An individual who experiences adverse financial consequences as a result of being quarantined, furloughed or laid off, or having work hours reduced due to COVID-19.
- An individual who is unable to work due to lack of childcare due to COVID-19.
- An individual who has closed or reduced hours of a business owned or operated by the individual due to COVID-19.
- Other factors as determined by the Secretary of Treasury.

While withdrawals from retirement plans will likely have a negative impact on retirement plans, such withdrawals for individuals under age 59½ will avoid the 10% federal premature distribution penalty tax. The distribution will still be taxed as ordinary income.

A taxpayer can elect to include all of the income from a coronavirus-related distribution in their 2020 income or spread the income over three years (2020, 2021 and 2022).

In addition, the affected individual has up to three years after the day of the distribution to roll over all or a portion of the amount back into the retirement account. The rollover can be made as a single or multiple repayment over that three-year period. In instances where taxes have been paid on a withdrawal, the individual should consider filing an amended tax return.

Loans from qualified plans

Employer-sponsored retirement plans such as 401(k)s and 403(b)s normally allow loans of up to 50% of the vested account balance not exceeding \$50,000. The limit has been raised substantially to 100% of the vested account balance up to \$100,000. This rule applies to loans taken within 180 days of enactment of the bill.

Temporary waiver of RMDs

Required minimum distributions (RMDs) for qualified account holders are waived for 2020. RMDs for inherited or beneficiary-qualified account holders are also waived for 2020. If an individual had a required beginning date (RBD) in 2019 and delayed until 2020, they can waive both of the RMDs for the year. This only applies to those who turned 70½ in 2019. For individuals who have taken their RMD for 2020, the funds can be returned. This is treated as a distribution, and 60-day indirect rollover rules apply.

Qualified charitable distributions (QCDs) can still be taken for individuals who are charitably inclined. They have to be at least age 70½. QCDs will not count toward RMDs for 2020 since they have been waived.

Charitable contribution changes

For 2020, cash charitable contributions can be deducted up to 100% of adjusted gross income (AGI). Previously, a taxpayer could only deduct up to 60% of AGI for cash contributions (increased in 2018 from 50% of AGI due to the 2017 Tax Cuts and Jobs Act). Excess charitable contributions can still be carried over five years.

The act also provides for a new above-the-line deduction for taxpayers who can't itemize deductions on their federal tax return called qualified charitable contributions. The maximum amount is \$300. Contributions must be made in cash and prohibited from being made to donor advised funds or 509(A)(3) supporting charities (the supporting organization is a charity that carries out its exempt purposes by supporting other exempt organizations, usually other public charities). The act states this starts in 2020 but does not provide any ending year.

Delay for minimum contributions to single-employer pension plans

Sponsors are able to delay 2020 required contributions to pension plans until January 1, 2021. Contributions would be due with interest accrued at the plan's effective rate.

Single employer defined benefit pension plan minimum required contributions due during 2020 can be delayed to January 1, 2021 (adjusted for interim earnings). This provision will also provide an option to use an alternative funding target percentage.

LIFE & LEISURE

Raymond James "Point of View" article. M17-044334

A Circle of Care

Meet the eldercare specialists you didn't know you'd need.

You've heard it before: Americans are living longer. Advances in medicine and technology have increased our longevity as well as our quality of life. But the latter doesn't just happen by accident. It takes a savvy senior and a well-orchestrated team to pull together all the resources needed to maintain a certain lifestyle in retirement.

Get to know some of the professionals who stand at the ready, if and when you should need them.

1. Healthcare advocates

These professionals can help patients and families navigate public and private medical resources such as Medicare or individual insurance, as well as help evaluate in-home and long-term care options. Families separated by distance may take comfort in knowing their loved one is guarded by a healthcare advocate committed to ideal outcomes.

Resources: [LeadingAge](#), [Department of Health and Human Services' Elder Care](#), [AARP](#)

2. Medical specialists

Beyond traditional specialists such as orthopedists or cardiologists, some doctors hold special designations that may be helpful in your situation. For example, Certified Dementia Practitioners specialize in memory care and medication management to help mitigate side effects that may exacerbate dementia and Alzheimer's symptoms. Some health professionals provide in-home care similar to services you'd find in a hospital or care facility. Start your search by looking for a caring, compassionate professional who also has experience with situations similar to yours. Verify that their training meets your state Department of Health's guidelines.

3. Elder law attorneys

Elder law goes beyond basic legal services to help older Americans prepare important documents – such as powers of attorney, medical privacy release forms, living will and legacy documents – as well as review estate plans and update beneficiary designations. Other services include long-term care planning, resolving Social Security issues, fighting age discrimination, establishing conservatorship and litigating elder abuse cases.

Resources: [National Academy of Elder Law Attorneys](#), [Bar Association](#), [American Association of Trusts, Estates, and Elder Law Attorneys](#)

4. Transportation experts

Driving specialists or driver rehabilitation specialists have backgrounds in occupational therapy and can recommend mobility equipment that would keep you or a loved one safely on the road for longer. Look for experience, clear pricing and convenient locations. Experts may have formal designations like Certified Driver Rehabilitation Specialist.

Resources: [National Mobility Equipment Dealers Association](#), [Association for Driver Rehabilitation Specialists directory](#), [AAA](#)

5. Senior move managers

Moving can be overwhelming for anyone, but especially for seniors making a lifestyle change. Sorting through a lifetime of memories and possessions takes time and may be made more difficult by the realization that life is changing more than expected. That's where senior move managers come in to help declutter, organize and lend perspective when it's time to decide what stays and what goes. They can also arrange to sell or donate unwanted items, supervise movers and then set up a new home.

Resources: [National Association of Senior Move Managers](#)

6. Care managers

These professionals connect families caring for loved ones with the right services, whether for healthcare, housing and social activities, or legal and financial services. They develop and maintain a care plan that evolves as needs change. Many caregivers believe they can perform these services for themselves, but experienced care managers often find appropriate and cost-effective solutions more efficiently than most of us could on our own, saving money and alleviating stress in one fell swoop.

Resources: [National Association of Professional Geriatric Care Managers](#)

7. Aging in place experts

Certified aging in place specialists employ universal design ideas to modify and build safer living spaces for those who want to live independently. Those who have earned the CAPS designation have been certified as specialists by the National Association of Home Builders.

Resources: [National Association of Home Builders](#), [The National Aging in Place Council](#)

8. Professional fiduciaries

Professional fiduciaries provide critical assessments and planning for seniors and their families facing medical, psychological, housing, social, legal and/or financial obstacles. They may be tasked with managing financial affairs or coordinating day-to-day activities for those who can no longer do so for themselves.

9. Veterans services officers

These experts assist veterans and their families with navigating the benefits and integrated health services offered by the U.S. Department of Veterans Affairs. They can help you find a local VA medical hospital or outpatient facility; apply for federal benefits and employment assistance; and access specialized programs designed for military members. Widows and widowers also may need help applying for burial and survivors' benefits.

10. Financial professionals

Your financial advisor can work with your estate attorney and an accountant to help pull financial, tax and estate plans together, and coordinate with other specialists who can help you or a loved one live a fulfilling life throughout retirement. He or she has likely helped others in similar situations and has the expertise to bring together health and wealth solutions that can alleviate some of the burden that may come to rest on your shoulders.

You may never need some of these services. But understanding your options and having a contingency plan for "just in case" ensures you and your loved ones will be well taken care of at a time when they may need it the most.

Sources: [Barron's](#); [National Care Planning Council](#); [Transamerica](#); [MIT AgeLab](#)

Quote of the Month: "The only reason for time is so that everything doesn't happen at once."
Albert Einstein

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