GATEWAY
INVESTMENT MANAGEMENT
OF
RAYMOND JAMES®

THE COMMUNIQUE

November 2020

MAJOR INDICES	CLOSE	MTD	QTD	YTD
S&P 500	3545.53	8.24%	5.43%	9.74%
Dow Jones Industrials	29420.92	11.02%	5.90%	3.09%
NASDAQ Composite	1153.86	5.89%	3.46%	28.77%

U.S. TREASURIES	YIELD
5-yr Treasury Note	0.46%
10-yr Treasury Bond	0.96%
30-yr Treasury Bond	1.75%

Information as of November 10, 2020 Source: Thomson Reuter's Thomson One

MARKET COMMENT

Give Thanks

We thought a departure from the usual financial market talk might provide a fresh repose. November offers the perfect time to reflect and give thanks, with the change of seasons from summer to fall, and our fast approaching Thanksgiving holiday. You might ask, "thanks for what?" The pandemic, off-the-charts financial market volatility, social unrest in our cities, a very mean-spirited political environment, and the new life style of social distancing & mask wearing. The Coronavirus has been a game changer, yet, through all the challenges, we see individuals coping, adjusting, and thriving due to the resilience of the American spirit. It certainly is not business as usual, but business is happening, the stock markets are recovering, unemployment has declined, a virus vaccine is on the horizon, and we think people are ready to enjoy a robust Holiday season of Thanksgiving and Christmas - perhaps they might be the most cherished in quite some time.

In 1947, Havilah Babcock wrote a book titled "My Health is Better in November." It included short stories told by a seasoned sportsman immersed in outdoor activities like hunting, fishing, and just enjoying "the breathe of fall air." We especially think the "the breath of fall air" is a much needed mantra in our current times, and want to share some of our precious thanks with you. We are thankful for the upcoming birth of our 6th grandchild, being able to quickly adjust to work from home, Zoom, health and wellbeing during the pandemic, wine, curbside take out, loving and supportive family, friends, being able to serve others, farm time, Faith, and lastly, you our wonderful clients.

We hope you find the above words encouraging, and that your Thanksgiving holiday is blessed "beyond the moon, and back!"

PLANNING STRATEGY

Raymond James "Point of View" article. M20-3301630

Four Financially Awkward Questions

In an age when you can Google anything, we often feel pressure to know all the answers. Which means asking certain things can make you feel a bit embarrassed. That's why we've gathered four common financially awkward questions (or FAQs, if you will) people are afraid to utter out loud.

If you see your child's or grandchild's concerns reflected in some of these topics, feel free to share this article with them – but also know that your advisor can lend an ear as a neutral third party. You could even try a family meeting with your advisor as facilitator.

What's the difference between a traditional IRA and a Roth IRA?

You may know that an individual retirement account (IRA) is a savings account that comes with tax breaks, i.e., where you save for retirement and keep your stocks, bonds, etc. But you may want to better understand the difference between a traditional IRA and a Roth IRA.

To tell the two apart, think of the classic candy Now and Later. With a Roth IRA, you pay taxes on the money you put in now; with a traditional IRA, you pay taxes on the money later, when you withdraw it. In both traditional and Roth IRAs, your money grows tax-free while it's in the account.

To help pick between the two, the question is this: Do you think your tax rates will be higher or lower in the future?

Each type of account has distinct advantages, though there's bad news for high earners – some aren't eligible for a Roth IRA because there are income limits (just under $139,000 for tax year 2020 for singles and $206,000 for those married filing jointly). You can always ask your advisor whether adding a Roth IRA to your retirement mix makes sense.

How can I make sure I'm not a burden to my family as I age?

It's difficult to face our own mortality, let alone have a conversation about it. But making a plan for the care you will need later in life, as well as an up-to-date estate plan that clearly expresses your wishes, is an incredible gift to your loved ones – and to yourself. It's hard to put a price on knowing you have a plan to maintain your quality of life.

A good place to start is researching the local cost of long-term care (assistance with the activities of daily living, like bathing and eating), at genworth.com/costofcare. This can give you an idea of how much money you need to have set aside for these costs, or the size of a long-term care insurance policy you might need. If you're concerned you might be over- or under-insured in this area, talk to your advisor.

My company might offer me early retirement. Should I take it?

This question can be awkward to ask your advisor, with the feeling that you're throwing a wrench into the planning they've done. But it's a timely question, as many companies are looking to trim costs. Don't be embarrassed if you don't know how to tell if this option is in your best interest.

There's a lot to consider before you make this momentous decision, best summed up in two questions:

- Are you financially prepared to replace your paycheck?
- Are you emotionally ready to move on to the next chapter?
  Take your time thinking about these two aspects. If you have your financial ducks in a row for retirement, but don't think you can deal with the loss of your work identity, then maybe a buyout isn't the right thing for you. Maybe instead of retiring, you take the severance and work a few more years until you're ready. It's a personal decision. However, you should keep in mind that if you're offered a buyout and don't take it, there's a chance you'll be managed out in a less advantageous way down the road.

I have some U.S. savings bonds that have reached maturity. What do I do with them now?

U.S. savings bonds are a little different than bonds you hold through a brokerage, which are usually cashed in automatically when they mature. In the case of a U.S. savings bond, you're giving the Treasury Department a no-interest loan by not cashing in the mature bond.

If you have a physical bond (not an electronic one), take it to your bank, ideally one where you have a long-established account. If that's not possible, you'll have to provide a government-issued form of photo ID and you'll be limited to cashing $1,000 worth of savings bonds.

There are a few exceptions, but in general, the person whose name is on the bond is the only person who can cash it in, and that person will owe taxes on the interest earned. If you plan to give the mature bond proceeds as a gift to someone, note that you'll have the tax liability upon cashing it in. Your other option is to transfer ownership to someone else. You can find the form for transferring a physical savings bond at treasury.gov.

Next steps

- If you need specific advice on these topics, don't hesitate to call your advisor for help.
- Go to genworth.com/costofcare to get a ballpark idea of long-term care costs.
- If you're offered a buyout, ask your advisor to run the numbers for you so you can make the decision confidently.

Sources: Treasury.gov; Forbes; Genworth.com; Kiplinger magazine

Raymond James "Point of View" article. M20-3303213

The Psychological Side of Spending Your Retirement Savings

For years, you've been saving and investing for retirement.

But what happens when you finally retire and it's time to switch gears from saving to spending?

It turns out, many people are so focused on accumulating assets that they never really think about actually withdrawing the money. In fact, recent studies show that many retirees aren't drawing down their retirement portfolios, opting instead to live on Social Security and the minimum required distributions (aka RMDs) so their portfolios can continue to grow. This may lead to unnecessary sacrifices in a retiree's standard of living. After almost two decades in retirement, most current retirees still have 80% of their pre-retirement savings, according to research from BlackRock.

The problem with uncertainty

So why aren't these retirees spending their nest eggs? Some may be spending as little as possible to leave behind a larger sum for their loved ones or philanthropic pursuits. But in many cases, it's because they aren't sure how to determine a sustainable withdrawal rate that accounts for their total lifespan. They worry about the "what ifs" retirement may throw their way and want to be prepared. You may be able to relate.

This latter group understands that over the course of a long-term retirement, inflation can erode savings. Portfolio returns can vary, and healthcare costs can quickly escalate. And they may be concerned about outliving their savings – only 25% of baby boomers believe their savings will last throughout retirement, according to the Insured Retirement Institute. By spending less and allowing their savings to potentially grow in the early years of retirement, they hope to offset some of the uncertainty.

Collaborating with your financial advisor can help increase your confidence about having enough money to live comfortably in retirement. Just like in your working years, you can establish a just-in-case cash cushion or line of credit that helps put you at ease. And having a sound distribution strategy in place – one that takes into account your income sources, lifestyle, asset locations and tax situation – can help you enjoy the retirement lifestyle you envisioned.

Withdrawing your money

When it comes to withdrawing your retirement savings, here are a few things to consider:

Organize your expenses: Three typical categories include essential expenses (think food, housing and insurance), lifestyle expenses (vacations, hobbies) and unexpected expenses (healthcare costs, auto repairs). Consider paying for your essential expenses with guaranteed income sources such as Social Security or annuities. Use growth or income investments to pay for lifestyle expenses, and maintain a cash reserve for any unexpected costs that might occur.

Be flexible. For instance, a downturn in the market is a good time to tighten the reins on your spending. But if you experience some unexpected investment gains, the timing might be right for that dream vacation.

There’s little doubt your income needs will fluctuate during retirement. The early years may be filled with travel and other big-ticket items that require more substantial withdrawals. As time goes on, you’ll likely travel less, but your healthcare expenses may increase. Studies show that spending tends to decline in the later years of retirement, most likely the result of less travel and similar pursuits. People ages 55 to 64 spend on average $60,076 per year, while people ages 65 and over spend $45,221, according to the Bureau of Labor Statistics.

Building in flexibility allows you to go with the flow. Just be sure to regularly touch base with your advisor so your budget can stay on track.

Review your plan. Work with your advisor to develop and review your retirement income and distribution strategies. You can run hypothetical simulations based on different withdrawal rates, how many years you will live in retirement or any other contingencies, which will allow you to develop a better idea of how much you can comfortably and confidently spend in retirement to help achieve your goals.

Everyone’s retirement situation is different. You may have encountered some unexpected circumstances, such as a layoff or forced retirement that occurred earlier than you planned, and you weren’t able to save as much as you hoped. On the other hand, leaving a legacy may be your primary goal. Whatever the case may be, establishing a withdrawal strategy that’s right for you – while also keeping your emotions in check – is often a good plan of action.

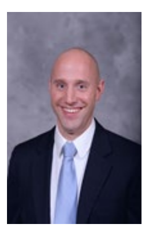
Sources: kitces.com; forbes.com; cnbc.com; ournextlife.com; smartaboutmoney.org; thestreet.com; kiplinger.com; myirionline.org
Raymond James and its advisors do not offer tax advice. You should discuss any tax matters with the appropriate professional.

.

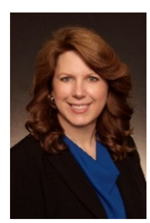
Quote of the Month: “In the depth of winter, I finally learned that within me there lay an invincible summer.” Albert Camus

For questions or additional information please contact:
Raymond James & Associates
9900 Clayton Road, Saint Louis, Missouri 63124

Jim Pohlman, CFP®
Senior Vice President, Investments
James.Pohlman@raymondjames.com
T 314-214-2122



Hunter Martiniere, J.D
Financial Advisor
Hunter.Martiniere@raymondjames.com
T 314-214-2152



Vickie Bollinger
Senior Registered Sales Assistant
vickie.bollinger@raymondjames.com
T 314-214-2175

Planning - https://www.raymondjames.com/commentary-and-insights/retirement-longevity/2020/11/06/4-financially-awkward-questions
Life & Leisure - https://www.raymondjames.com/commentary-and-insights/retirement-longevity/2020/10/28/the-psychological-side-of-spending-your-retirement-savings

Disclaimers & Disclosures