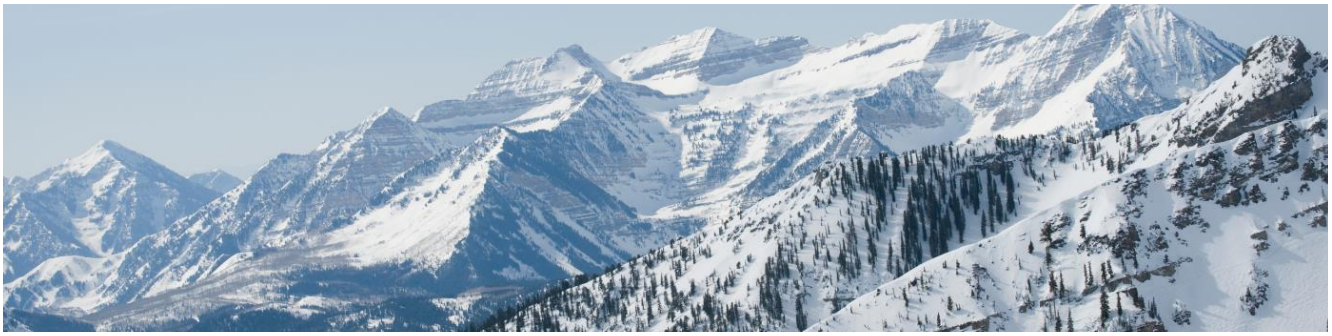

WASATCH
CAPITAL MANAGEMENT OF
RAYMOND JAMES®

DECEMBER 2020

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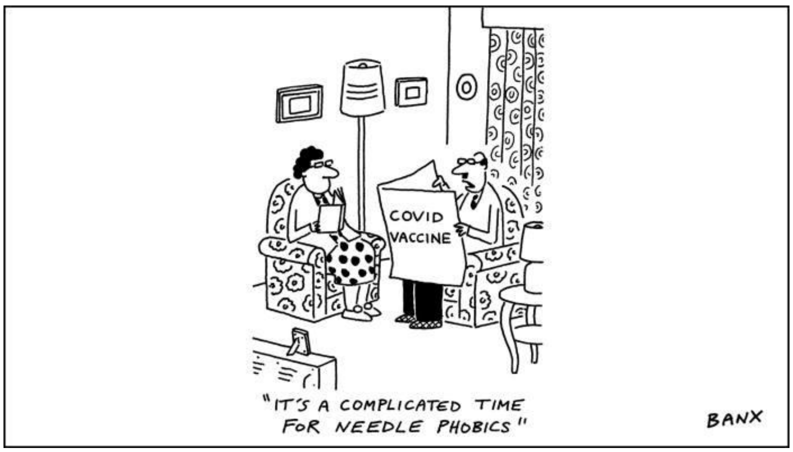
INSIDE THIS NEWSLETTER

- ❖ **DECEMBER COMMENTARY: WHAT-ME WORRY?**
- ❖ **WASATCH TEAM UPDATE**



What-Me Worry? -Article by Mark Lazar

***Fear of death is worse than death itself*. Gosho Aoyama**

We've closed the books on November and the election is officially over … sort of. Ironically, Both sides of the political aisle have reasons to applaud as well as agonize. While Donald Trump's team is pursuing legal avenues to challenge the count in several swing states, Joe Biden garnered sufficient votes to win the White House. Conversely, and contrary to the political pundits' expectations, Republicans are poised to gain 13 seats in the House. Democrats have thus far picked up one seat in the Senate, but two seats in Georgia are set for a runoff election in January, the outcome of which will determine which party controls the Senate. What's the Ray Charles song, "Georgia on my mind"?

Item	YTD Change
Dow Jones Ind Avg	6.11%
S&P 500 Index	14.02%
Foreign Index (MSCI ACWI ex US)	4.98%
US Dollar Index (DXY)	-4.69%
2020 Federal Budget Deficit	$3.7 Trillion
US Q4 GDP Forecast	11.20%
Unemployment Rate	6.7%

**Market data as of 11/30/2020*

While there's been much hand-wringing and pearl clutching over the past month, the market has dismissed election concerns, soaring COVID cases, and increased lockdown measures in several states. The Dow Jones Industrial Average broke 30,000 for the first time in history, and the S&P has jumped an incredible 68% from its March intra-day low. The market has shrugged off virtually all fears, and is boldly looking forward to 2021. As Mad Magazine's Alfred E Neuman famously quipped, "What–me worry?"

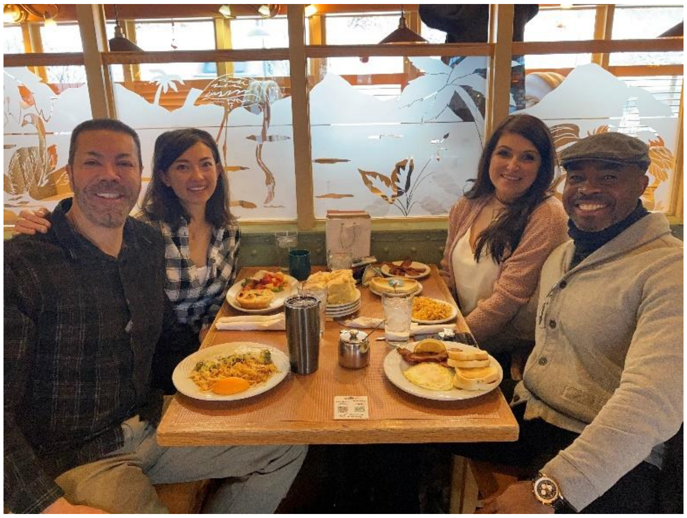
It's the end of the year and we still have time for last minute personal finance to-do items. The following list contains twelve tips to address this month to make sure you start out on the right foot in 2021:

1. **Harvest unrealized losses in your taxable investment accounts**. Realized capital losses offset capital gains dollar-for-dollar, with the remainder, up to $3,000 per year, reducing ordinary income. Any amount remaining can be carried forward and used in future years (throughout your lifetime).
2. **Maximize retirement account contributions**. If you still have active income, you are allowed to contribute to a retirement account; your employer's plan, IRA, or self-employment plan. Employer plans must be funded no later than 12/31, and don't forget catch-up contributions for those 50 and over.
3. **Convert a portion or all of your IRA to a Roth IRA**. If your taxable income happens to be unusually low this year, you have until 12/31 to convert a portion of your traditional IRA to a (potentially) tax-free Roth IRA.
4. **Make charitable contributions by or before 12/31**. For those eligible to itemize their deductions, complete your charitable gifts prior to year-end, and don't forget the receipt.
5. **Gift highly appreciated stocks rather than cash to your favorite charity**. If you have a concentration in a highly appreciated stock or mutual fund that you'd like to reduce and you are charitably inclined, gift the security directly to your charity of choice.
6. **Accelerate charitable contributions**. The CARES Act increases the maximum deduction available for cash contributions to eligible charities to 100% of adjusted gross income for individuals and 25% of taxable income for C corporations.
7. **Complete non-charitable gifts by 12/31**. The current estate tax exclusion amount is $11.58 million per person, $23.16 million per couple. However, the incoming Administration has proposed reducing the amount to $3.5 million per person, plus hiking the rate from 40% to 45% for larger estates. For those with estates over that amount, it may be prudent to make large gifts to family members today in order to lock in the higher lifetime exclusion limit. The current non-charitable gift is $15,000 per person, per year. Gifts over that amount should be reported on IRS form 709.
8. **Review your health insurance coverage**. Schedule a phone or Zoom consultation with your insurance agent or contact me to schedule a review with a consultant at HealthPlanOne.

9. **Maximize contributions to your Health Savings Account or Flexible Spending Account, if eligible**. HSA plans are available to those with high-deductible health insurance plans. FSA plans are generally available for both standard and high-deductible health insurance plans.
10. **Schedule a property and casualty insurance review**. Review coverage and premiums on your home, auto, umbrella policy, etc. Make sure you have the right amount of coverage and for the best price. You should obtain rate quotes from at least two other highly rated companies.
11. **Review and update beneficiary designations**. Review your beneficiary designations on retirement plans and life insurance, as well as transfer-on-death and payable-on-death non-retirement accounts to ensure they're aligned with your current wishes and estate plan.
12. **Evaluate your cash reserve**. The rule of thumb is three to six months' worth of expenses, meaning a person who spends $5,000 per month should keep, on average, between $15,000–$30,000 in cash or cash equivalents. If you have less than that, you should increase your savings. If you have more than that, in a zero percent interest rate environment and inflation running close to 2%, you're losing money safely. Shift excess cash to sensible investments or pay off outstanding debt, if any.

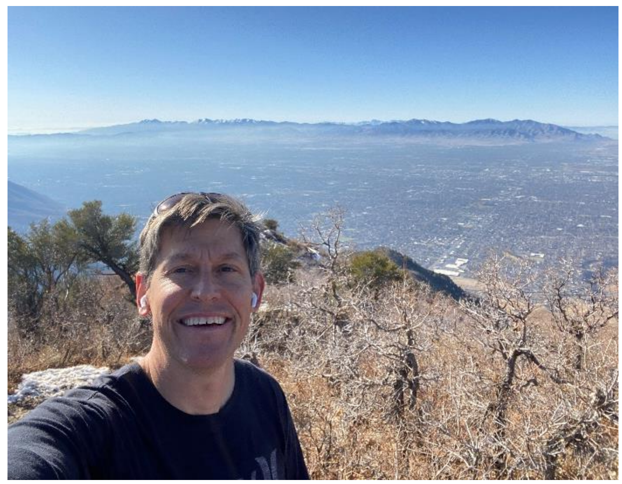
Merry Christmas and Happy Holidays.

Wasatch Team Updates



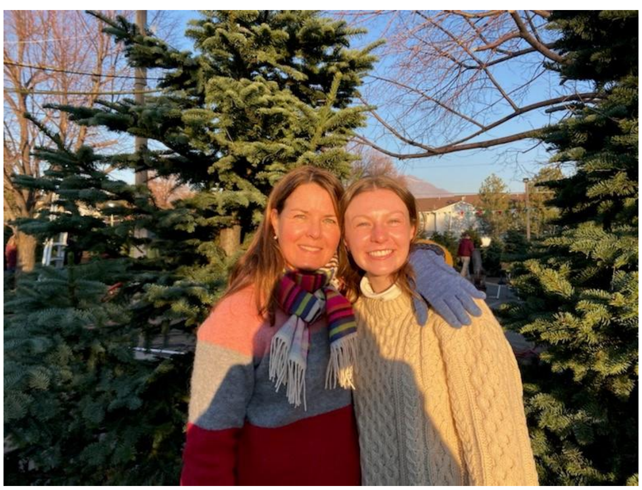
Mark

Mark & Savina eating with friends



John

John hiking Grandeur Peak last month



Beth

Beth Tree shopping with Ashley

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