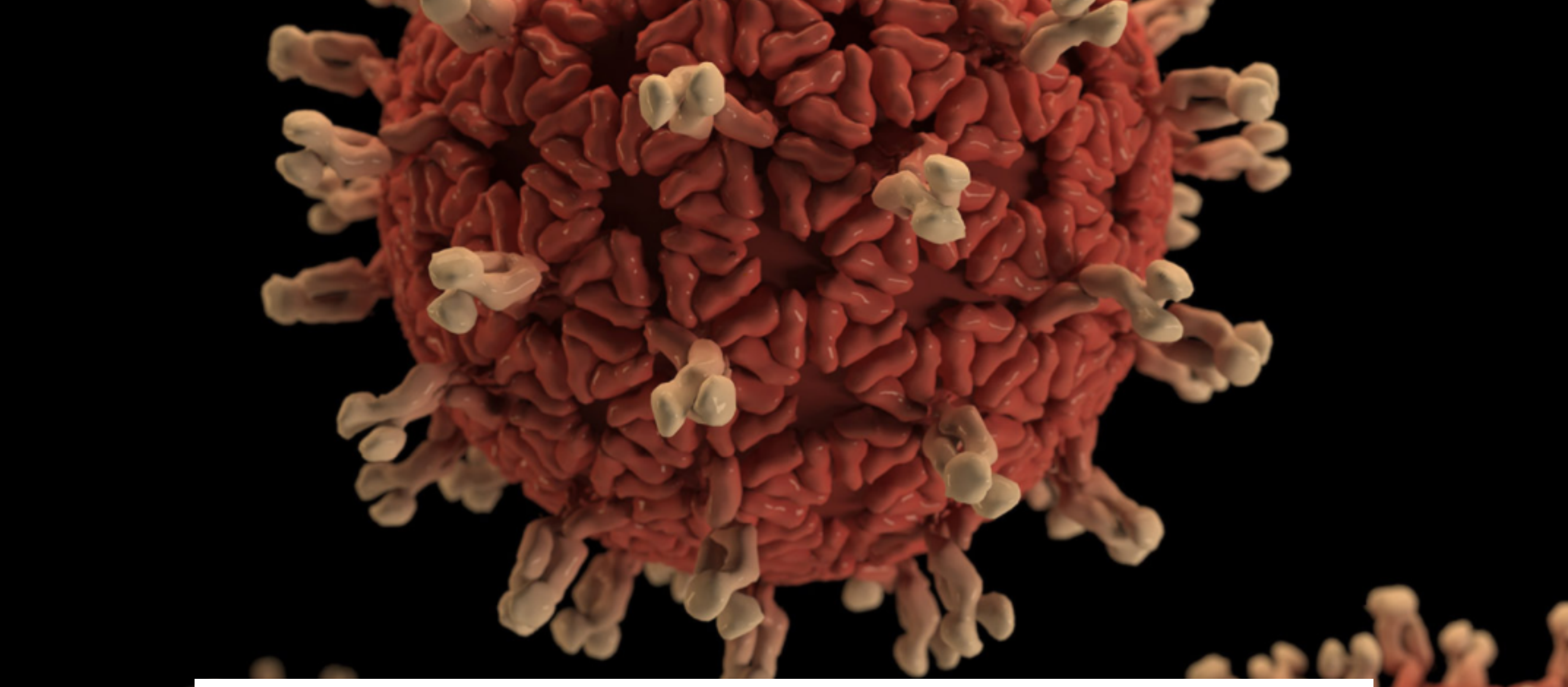


InvestingTrending TopicsMarket Downturn

Staying the Course – Coronavirus and Stock Market Volatility

March 6th, 2020

According to the CDC,[1] the recent coronavirus (COVID-19) outbreak has claimed almost 5,000 lives and impacted nearly 132,000 people worldwide as of March 12th, 2020 and it has also injected a sense of uncertainty into the markets. If you're invested in the stock market you may have found yourself sitting on the edge of your seat over the last few weeks as we watch market volatility increase.

We are here for you and we want to take a moment to update you on our thoughts related to the coronavirus, its impact on the financial markets, and, ultimately, on your personal financial situation.

A Brief History Lesson

The market's negative response to health crises is nothing new. The below table shows that since 2003, approximately six months after early reports of a major outbreak, the S&P 500 bounced back by an average of 10.47 percent. After 12 months, it rebounded by an average of 17.17 percent.

Epidemic	Month-end*	S&P 500 6-month performance	S&P 500 12-month performance
SARS	Apr. 2003	14.59%	20.76%
Avian (bird) flu	Jun. 2006	11.66%	18.36%
Swine flu (H1N1)	Apr. 2009	18.72%	35.96%
MERS	May 2013	10.74%	17.96%
Ebola	Mar. 2014	5.34%	10.44%
Measles/Rubeola	Dec. 2014	0.20%	-0.73%
Zika	Jan. 2016	12.03%	17.45%

Source: Dow Jones Market Data, cited on MarketWatch.com February 24, 2020.

*End of month during which early incidents of outbreak were reported

Why is it important to take a look back in time? While there are no guarantees the current situation with COVID-19 will follow a similar pattern to the above epidemics, it helps us to better understand and put into perspective that historically over long periods of time, despite an epidemic, stocks typically regain their upward trajectory.

Market Psychology

As we explored above, all assets rise and fall in value and the more extreme the swing, the stronger the sentiment. Overcoming this market psychology is no easy feat but learning how the market works can help to reduce stress and increase your ability to "stay the course."

Your investments are designed to support your long-term objectives, not today's needs. In situations like this, it is important to have perspective and remember that swift market drops are not unusual. Of course, the headlines are scary and fear of the unknown is scariest of all, but the nature of the market is that it will go up and down. That is just par for the course.

When you think about it, our emotions share a similar reaction between excitement and depression. Surges of pleasure with favorable uptrends and neurotic negatives with declines. Unfortunately, emotions can be drivers for selling early thus diminishing significant gains that can occur over the long-term.

We believe the best response is to acknowledge what you're feeling, reach out to us if that would be helpful, and have confidence that we are on top of the situation. And always keep in mind that in the short term, market movements can be heavily influenced by headlines and computerized trading, but in the long term, markets tend to reflect broader-based economic trends. One of our most important roles as your trusted advisor is to not let the difficulties of the short term prevent the reaping of potential benefits of sound, long-term investing.

What Should You Do?

The answer is simple: Don't panic.

Sure, fear is a natural emotion to encounter during turbulent times especially when a health epidemic hits like a virus that can impact both your health and your finances. When market corrections occur (classified as a drop of 10 percent or more in one of the major U.S. stock indexes) the media tends to add fuel to the fire. It's important not to make any alarm-induced moves during a correction. Instead, stay vigilant and stay the course.

Acknowledge that the market is not just about winning and losing – it's about strategy and duration. The virus and how it spreads is completely out of our control, but our reaction to the financial markets is something we can control. It's not fun seeing your portfolio drop, But at the same time, we know market volatility is normal and expected. The key is to "zoom-out" and look at the long-term big picture.

What We're Doing

What we do know for a fact is that the market will continue to do three things: It will sometimes go up, it will sometimes go down, and sometimes it will barely budge. The other absolute certainty? Your financial well-being is our number one objective.

Our team is burning the midnight oil to monitor the situation as it unfolds and recommending actions as appropriate.

And we will leave you with one final piece of good news: sometimes, situations like this can actually create opportunities. For example, as prices drop, we will also seek out any opportunities to "rebalance" and shift your asset allocation if it aligns with your long-term goals.

If you have any questions about your specific situation, please contact us. We are here to help and we are here for you. Thank you for your continued trust and confidence.

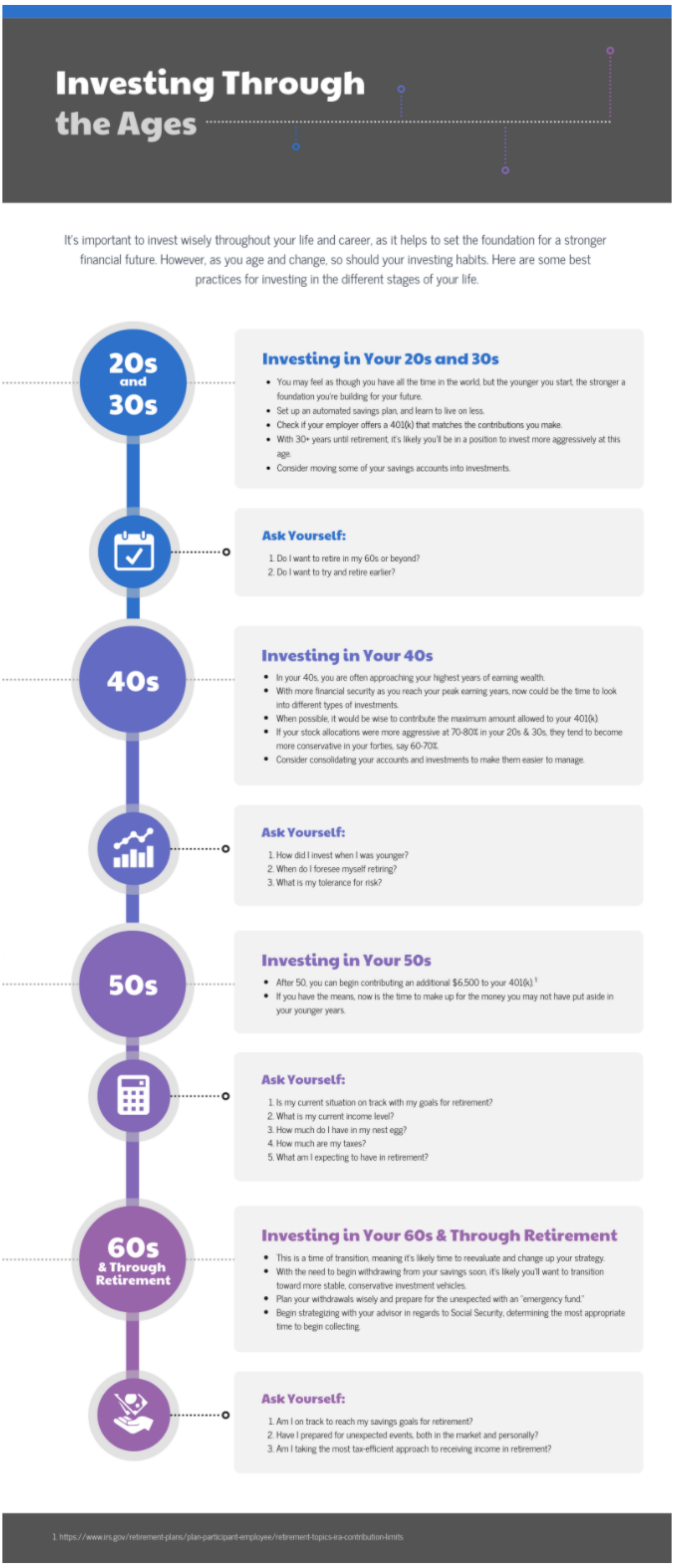
1. https://www.cdc.gov/coronavirus/2019-ncov/cases-in-us.html

Investing Through the Ages

Investing

[Infographic] Investing Through the Ages

February 17th, 2020



Trending TopicsMarket Downturn

Stimulus Checks Are Coming for Americans: Here's What You Need to Know

March 31st, 2020

As COVID-19 continues to run rampant in the United States, individuals everywhere are experiencing emotional, physical and economical implications. In an effort to ease the pandemic's detrimental effects, the federal government has recently passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Included in this act are hospital funds, extended unemployment insurance, extended lending for corporations and interest-free loans for small businesses. In addition, eligible individuals and families will receive stimulus checks with restrictions.[1] To better understand how this component of the CARES Act works, below we give an overview of the stimulus checks, answer key questions and look back on the 2008 and 2009 stimulus checks.

The Rundown on Stimulus Checks: Your Questions Answered

As part of the CARES Act, taxpayers who qualify will receive a direct deposit of up to $1,200, and couples will receive $2,400. In addition, families will receive $500 per child under the age of 17. The payment will begin to phase out for individuals with a 2018 or 2019 adjusted gross income of $75,000, couples with a $150,000 income, and single parents with a $112,500 income.[1]

Important to note is that the initial amount paid will be based on either a taxpayer's 2018 or 2019 income tax return (whichever is the latest return that the IRS has on file), but it will ultimately be 'trued up' if a taxpayer is owed money based on their actual 2020 income. In other words, taxpayers will be given an estimated amount based on their 2018/2019 incomes, but could end up getting even more (albeit later) if their 2020 return shows they made less money than they made in the previous two years.

How Does the Phase-Out Work?

Individuals who make under $75,000 and couples who make under $150,000 are eligible for the full stimulus check.[1] For taxpayers with higher income, the amount is reduced by $5 for each $100 above $75,000, or $150,000 for couples - up to $99,000 or $198,000. This means that individuals with an income higher than $99,000 are not eligible to receive a stimulus check and neither are joint filers with an income over $198,000.[2]

How Will I Receive My Payment?

The IRS will use information from 2019 tax returns to calculate your payment amount and will send the payment to the bank account listed on the return. For taxpayers who have not yet filed their 2019 return, the payment will be based on their 2018 return and will be deposited to the account on file from the 2018 return.[2]

What if the IRS Does Not Have My Direct Deposit Information?

The U.S. Department of Treasury is planning to create an online portal where individuals can update their bank information in order to receive a quicker direct deposit, rather than a mailed check.[2]

If I Usually Do Not File a Tax Return, How Can I Receive a Check?

Those who usually do not file a tax return, including low-income taxpayers, senior citizens and Social Security recipients, will need to file a simple tax return (but still will not owe tax) in order to receive their check.[2] The IRS has created a special page dedicated to the Coronavirus and will be updating it with next steps on how to do this soon.

What Is the Difference Between a Stimulus Check and a Tax Credit?

The stimulus check is the same as a tax credit, and it is specifically an advanced refundable tax credit, meaning it is a refund allotted to you and is also sent in advance of the 2020 tax return.[3] A refundable tax credit differs from a nonrefundable credit, which only applies to the amount of taxes you owe and is not available as a refund to you otherwise.[3]

Is the Stimulus Check Taxable?

Since the stimulus check is a tax credit, it is not income and therefore is not taxable.

A Look at 2008 and 2009

The American Recovery and Reinvestment Act of 2009

The last time the government provided stimulus checks was in 2009 as part of the ARRA in an effort to end the 2008 recession. The details of the ARRA, however, looked different than the stimulus portion of the CARES Act:

- Checks were only sent to recipients of Social Security, those who received Supplemental Security Income, veterans and railroad retirees.
- The one-time check was $250.
- Individuals with earnings between $6,450 and $75,000, however, received tax credit of 6.2 percent on earned income up to $400 ($800 per couple) in 2009 and 2010 as part of the Making Work Pay (MWP) tax credit. [4]

The Bush Economic Stimulus Package

In response to the 2008 recession, the year prior to ARRA the George W. Bush administration also sent out stimulus checks. Highlights of this package include:

- Individuals and couples were eligible for tax rebates on the first $6,000 or $12,000 of income.
- Individual taxpayers received up to $600 and couples up to $1,200 with an extra $300 per child. Payments phased out with incomes over $75,000 for individuals and $150,000 for couples. [5]

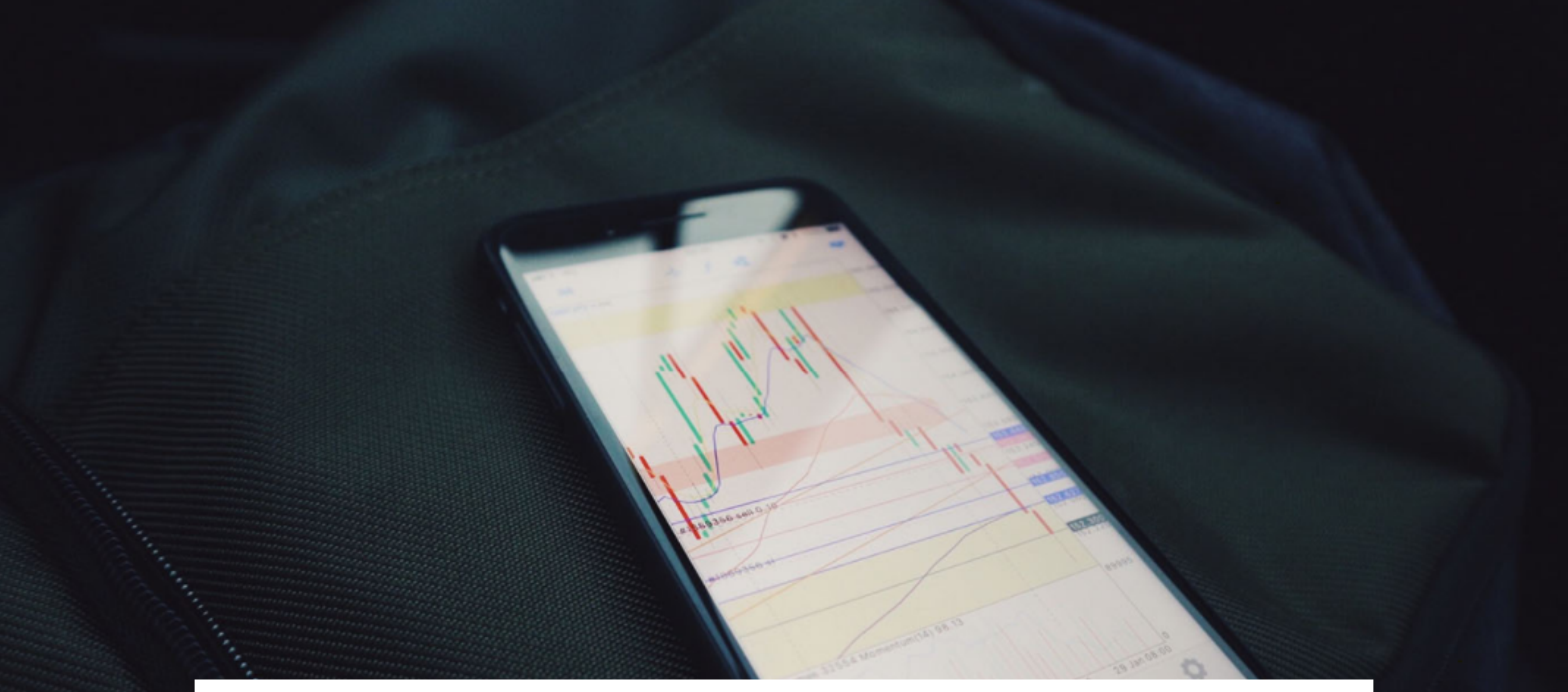
How Did the 2008 and 2009 Acts Do?

The 2008 and 2009 efforts differed. While the Bush Administration checks went out between May and December 2008, ARRA checks went out quicker, between May and October 2009. Studies show that many individuals did not spend the 2008 checks, but instead either saved the money or used it to pay off debt.[6] On the other hand, studies show a GDP and employment increase as a result of ARRA.[7] Unlike the 2008 efforts, however, ARRA also issued tax rebates — but since this was not a check in the mail and instead was a tax cut, many Americans may not have realized or interpreted the cut as a "bonus." As a result, it is speculated that the ARRA may not have had as robust an impact as it could have.

The CARES Act appears to be taking a streamlined approach, with components like an online portal looking to speed up the process. As is the case with the COVID-19 pandemic, the full effects will only be seen in future weeks and months, but we can expect to see the full economical effect as government action unfolds — and individuals respond to the stimulus checks.

---

1. https://www.appropriations.senate.gov/imo/media/doc/FINAL%20FINAL%20CARES%20ACT.pdf
2. https://www.irs.gov/newsroom/economic-impact-payments-what-you-need-to-know
3. https://crsreports.congress.gov/product/pdf/IN/IN11247
4. https://www.congress.gov/bill/111th-congress/house-bill/1/text
5. https://www.irs.gov/newsroom/economic-stimulus-payment-qas-eligibility
6. https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3522430/
7. http://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/49958-ARRA.pdf



InvestingTrending TopicsMarket Downturn

Thinking of Investing During the Market Downturn? Make These 5 Considerations First

March 24th, 2020

With the onset of COVID-19 in America, investors saw the 11-year run of our bull market come to an end on March 11, 2020. As we entered a bear market, the Dow Jones Industrial Average experienced a more than 20 percent drop in March from its recent high on February 12, 2020.[1]

While many investors are losing confidence in their investments due to the recent market volatility, there are those out there who may find this an opportune time to pad their portfolio. If you're wondering if now's a good time to invest, start by taking these considerations into account. Then, if you're still interested, get in touch with your investment advisor to review your options.

Why Invest During a Recession?

Choosing to invest during a market downturn can make a lot of sense - asset prices have fallen hard, meaning those willing to invest now can likely get bonds, stocks, real estate and more for a fraction of what those assets are normally worth.

Those who were looking to cash out this quarter are in a difficult place with the market drop. But those who are still years, or even decades, away from cashing out what's in their portfolio may be the ones who can really benefit from this downturn in the market (this is often the case for young investors just starting to build and diversify their portfolio). They have the time needed to watch the market recover and their bargain-priced assets slowly regain their value.

Consideration #1: Is My Emergency Fund Fully Stocked?

With the uncertainty this global pandemic has brought on in America, many people are preparing for the worst - job loss, medical bills, or even the unexpected loss of a loved one. And as we continue to weather this bear market, we are already seeing record numbers of Americans filing for unemployment. We are still early days into this crisis, but if we look back at the 2007-2009 recession, unemployment rose to five percent at the end of 2007 and up to nine and a half percent in June 2009. Unemployment actually didn't peak until after the recession ended, at 10 percent in October 2009.[2]

Even if you're certain your job is secure and stable, it doesn't mean you're immune to loss of income during this market downturn. The number of cases of COVID-19 is growing every day, meaning it's entirely possible that you may need to care for a sick loved one in the near future. Depending on your job's policy on leave and your eligibility for the recently passed Families First Coronavirus Response Act, this could mean going for an extended period of time without a paycheck or having to quit your job altogether.

You'll find different people recommending different amounts, but a general rule of thumb is to have three to six months of salary available in a savings account as an emergency fund. As you consider putting your additional income towards investments, take a look at your savings first. You should feel comfortable with what you've already accrued and ready to live off of your savings if you had to. Once that's taken care of, then you may be ready to turn your focus toward investments.

Consideration #2: Would It Be Better to Pay off My Debts?

In the fourth quarter of 2019, the New York Federal Reserve reported that American household debt rose to $14.15 trillion.[3] While the majority of this debt covers things such as housing, auto loans and student loan payments, this still leaves $46 billion in credit card debt.[3] If you find yourself in the position of choosing between paying down your debt or investing, there are plenty of factors to consider, and this would be something to consult with your financial advisor about. Working together, you may find that paying off debt will serve you better over increasing your investments.

Consideration #3: Am I Rushing Into This?

While it feels like the market turned overnight, it's important to remember that recessions and downturns tend to stick around for a while. Our last recession, for example, lasted 18 months.[4] What does this mean for an investor eager to jump in? It means you have time. You can speak with your financial advisor and discuss the pros and cons of investing during a market downturn. There's no need to make a hasty, emotionally driven decision by tomorrow. While the markets will continue to fluctuate, they're not recovering overnight.

Consideration #4: Am I Emotionally Prepared to Watch My Money Drop?

If you choose to buy while the market is in a downturn, there's always a chance that you will buy when it has yet to reach "rock bottom." This means that you, as an investor, should be prepared for the rollercoaster your investments will likely continue on. While investments are always fluctuating, during an especially volatile period, there's a good chance you'll be watching your stocks rise and fall on a downward trend for months to come.

We all have a personal attachment to our money, and it's important to consider the emotional toll watching your assets drop in value will have on you as an investor. If it's unbearable to watch these fluctuations, then the potential gains may not be worth the emotional toll you have to endure. It's important to express your concerns about this to your financial advisor before deciding to invest during a market downturn.

Consideration #5: Am I Still Following My Normal Investment Procedures?

Don't treat the tempting prices of investment opportunities as a chance to forego your investment strategy or plan. This is a time in which you'll want to be precise and logical about the next investment decisions you make. It's possible, for example, that your advisor may want to still invest in the companies and stocks you're familiar with, not just those with the biggest drops in price.

In addition, you'll want to work in tandem with your advisor to be sure you're maintaining diversity and taking on an appropriate amount of risk. Together, you can be sure that these changes in your portfolio are still reflective of your greater long-term financial goals.

Americans in 2020 are facing a future of uncertainty, between the global pandemic of COVID-19 and the economic instability of a recent market downturn. If you're in a position to do so, investing now could prove to be a beneficial move for your portfolio, but it is important to consider your decision carefully and thoroughly. Now more than ever, be sure to keep your advisor in the loop and consider your next financial decisions carefully as you navigate through these upcoming months.

---

1. *https://www.economist.com/finance-and-economics/2020/03/14/entering-a-bear-market*
2. *https://www.bls.gov/spotlight/2012/recession/pdf/recession_bls_spotlight.pdf*
3. *https://www.newyorkfed.org/microeconomics/hhdc.html*
4. *http://www.nber.org/cycles/*

Trending Topics

[Infographic] The $2 Trillion Economic Stimulus Bill Has Passed: Here's an Overview

March 27th, 2020

Lead Pilot

See how content marketing can propel your advisor business forward.

Get Started