

April 2020

In early 2020 the coronavirus started to spread through China and Europe and it was only a matter of time before we saw cases here. But the question was to what degree and how prepared was our Health Care System? The market, early on, seemed to take it all in stride and wasn't too concerned in January and early February. From there things took a turn for the worse and fear took over. We saw the major indexes hit historic highs, only to unravel in a matter of weeks.

As noted by Steve Sanduski, in **Financial Advisor Magazine**, fear is a natural reaction. We're humans and as humans, we're hardwired to react to situations that threaten us. In this situation, it's a double whammy of fear. There is the virus that can cause us bodily harm and then there's the market's reaction that is causing us financial harm.

Unfortunately, in today's financial markets, many trades are triggered automatically by algorithmically driven computers. Once certain "technical levels" are reached, these computers, often run by large hedge funds, start selling (or buying) indiscriminately. Many of them are programmed to "trigger" based on the same technical levels. This "piling on" can lead to very eye-popping volatility - both on the downside and upside. Thousand point moves in the Dow Jones Industrial Average have become common daily occurrences.

However, it's important to keep in mind that while the short term market movements can be heavily influenced by fear and computerized trading, in the long term, they tend to reflect broader-based economic trends. As investors, the challenge is to not let the difficulties of the short term prevent us from reaping the potential benefits of sound long term investing.

Also, please note that through the historic **Coronavirus Aid Relief and Economic Security Act** there have been some important changes to current tax filing rules. The Federal tax filing deadline has been extended to July 15, 2020, as well as have many states, including Massachusetts. This also allows for contributions (for the tax year 2019) to IRAs and Roth IRAs to be extended to July 15, 2020. In addition, IRA's **Required Minimum Distributions** have been waived for the 2020 tax year.

Currently there is no reference in the **Relief Act** for the ability to add back any distributions that have already been taken this year. However, if you took a distribution within the last 60 days, you may be able to utilize the existing 60-day rollover rule to add the distribution back to your IRA. Be aware that the rule limits one 60-day rollover per 12 month period. Please remember, don't hesitate to reach out to us with any questions regarding all these changes for 2020.

I have included a piece from Vanguard titled **“The Value of Advice”**. This illustrates components of your overall financial plan that our team is here to help you with. The investment part of it sometimes gains all of the attention, especially now with the big swings up and down in the market, even though the movements in stock prices are completely out of our day to day control. This is a nice reminder of all of the different components of your financial plan, many of them parts that you can control.

We have mentioned in almost every letter over the past few years to consider rebalancing your portfolio to cut back on equities. As the market continued to move higher, it was easy to get lulled into a calm market environment that grinded higher, over time, with little volatility. Now that things have changed, this may be a wakeup call for some of you who have held too much equity over the last few years. An opportunity to reduce equity a bit may present itself as soon as we move past this Health Crisis and the market starts to recover. We urge you to take the time in the coming year to meet with us and review your portfolio to make sure that your allocation to equity still fits your risk level.

America has persevered through every challenge it has ever faced and I see no reason why we won't overcome this latest crisis. We have some of the brightest minds in the world working towards medicines and a vaccine for the coronavirus. And I assure you that our Health Care System will be far better equipped to deal with events like these in the future, as it is learning very quickly of the areas it was not prepared for!

We hope that you all take care and stay healthy through this tough time. As always, please feel free to call us any time to set up a time to go over your questions and concerns.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bryan W. Bastoni', enclosed within a faint, irregular white outline.

Bryan W. Bastoni, CFP
CERTIFIED FINANCIAL PLANNER, TM

Encl.

The value of advice

Financial advice has the best chance of success when it's built on a strong advisor-client relationship. We'll work together to construct a financial plan that reflects your goals as they change over time.

