December 2020

No doubt about it, many of us are happy to see 2020 come to an end since the COVID-19 pandemic has been something we've had to deal with for most of the year. What started in February of 2020 has infected more than 20 million people in the US, with over 350,000 deaths so far. Worldwide, the impact has been almost 85 million cases and 1.84 million deaths. Thankfully, hope is on the horizon with the emergency-use authorization of vaccines in the US by Pfizer/BioNtech and Moderna. Also, Johnson & Johnson, which has a vaccine that is scheduled to receive authorization in the near future, will only require one shot! This leads me to believe that better days are ahead for all of us, but it won't happen overnight.

Overall, it has been a strange time for the economy. A "whipsaw" stock market that saw the S&P 500 Index drop almost 34% from its peak in early February, to a low on March 23rd. Since then, it has been a steady climb back to new all-time highs on the Dow Jones Industrial Average, S&P 500 Index and the NASDAQ. What makes it so unusual is that it has happened at a time when many American have faced job losses; small businesses have struggled to stay alive; the travel industry has come to a screeching halt and restaurants have fought to try to keep the doors open by doing whatever they can do to survive. I have spoken about this with many of you in trying to understand why the market is doing well while things around are so bleak!

As I mentioned in our last quarterly letter, 2021 is the year that the economy needs to catch up with the stock market. From time to time, markets can diverge from the fundamentals and this may be a great example of that happening. Stock markets are smarter and quicker than any of us, always looking ahead and reacting in anticipation of the future. Unprecedented fiscal and monetary stimulus, vaccine hopes, and a projected earnings recovery have fueled this market. So 2021 is going to be a time when, so to speak, "the rubber meets the road". We are at heights in the market now that will require things to get better economically in order to sustain these levels.

Obviously, the vaccine will hold the key to a resumption of normal life and that normal life is integral to getting this economy moving in a meaningful way. This year has only solidified our investment philosophy of holding allocations in the equity market consistently, for the long term, in amounts that you are comfortable with. If last March you were told that at year end we would still be in this pandemic, facing infection rates far higher, you may have opted to move out of stocks and into cash for the balance of the year. Luckily, most are disciplined experienced investors and have had success over the years by adhering to the long-term planning that we have worked on together, over time.

I know that many of you are concerned about tax increases in the year ahead but we will have to wait to see what, if any, tax policy changes come in 2021. As it stands at this writing, Congress is divided and this will help to keep things tempered when it comes to possible tax increases, as outlined by Joe Biden. I didn't have the luxury of waiting until after the January 5th 2021 Georgia runoff election to write this letter but even if Democrats take both races, according to Mark Schoeff Jr. at **Investment News,** "There are enough moderate Democrats to keep the Biden administration in check". We will be working hard to help you make informed decisions as more information becomes available.

An important note in regards to annual Required Minimum IRA distributions: as you know, they were waived for the Tax Year 2020. We do not have guidance for 2021, so as it stands now, RMD'S WILL BE REQUIRED FOR THE TAX YEAR 2021. Yet my advice is, if you don't need that distribution for living expenses in the beginning of the year, you may want to wait and NOT take the RMD's until till later in the year. While we are still fighting to get this virus under control, it would not shock me to see a waiver for 2021 RMD's as well! We will provide you with an update on this as soon as we hear anything.

One last piece of news: in the coming months, we may hear more about a Bipartisan retirement bill that was introduced in the fall. One of the key components to that bill was raising the required minimum IRA distribution age from 72 to 75. It would also increase limits on retirement-plan catch-up contributions for people 60 and older who are still contributing. The bill was introduced to respond to retirement setbacks that resulted from the corona virus pandemic. Although most of our clients have not faced a financial hardship due to the pandemic, I'm sure that each of you knows of someone who is facing such a struggle or has lost a loved one to the illness.

So as 2020 has come to an end, we all have much to look forward to. The New Year might just bring us renewed appreciation for some of the simple things we took for granted. Maybe it's just visiting with our friends and family without restrictions. With any luck, children will be back to school in a positive environment for learning and be able to play with all their friends. Maybe it's back to that vacation we had been holding off on? Or maybe it's just a simple meal out at our favorite restaurant. Rest assured that time is coming, maybe not this month or next month but it's on the horizon!

Please do not hesitate to call us with any questions or concerns that you may have. The more we get to know and understand your ongoing financial picture, the more we are able to assist you and your family with whatever issues that may come up. We are able to handle almost everything by way of a phone call or a Zoom meeting (for the time being), so please contact us to set-up a time for an "annual review".

Sincerely,

Bryan Bastoni, CFP
CERTIFIED FINANCIAL PLANNER, TM