

Week 16. Celebrating Our Independence.

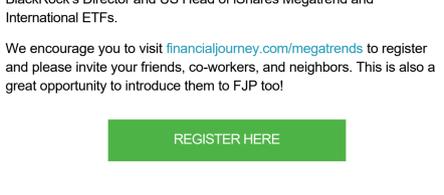
Friday, July 3, 2020

To All Financial Journey Partners Clients,

At a time of the year when we are celebrating our independence as a country, we are also balancing the impact of our independence from the virus. We hope you find the information below to be helpful.

We Hope You Join us for our Webinar "Megatrends for the Future"

We are experiencing a time of great change and with change comes opportunity and innovation. Register today for our webinar "Megatrends for the Future" on **Tuesday, July 28th from noon to 1 pm**. This webinar will cover some of the amazing developments happening now and over the next few years.



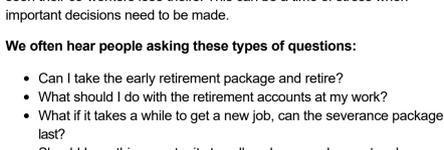
During the webinar, grab your lunch and your favorite beverage. We are fortunate to have Jeff Spiegel as our special guest speaker. Jeff is BlackRock's Director and US Head of iShares Megatrend and International ETFs.

We encourage you to visit financialjourney.com/megatrends to register and please invite your friends, co-workers, and neighbors. This is also a great opportunity to introduce them to FJP too!

[REGISTER HERE](#)

Silicon Valley Employment Update

The unemployment rate in the San Jose-Sunnyvale-Santa Clara metropolitan area was 11.2% in May 2020, down from 12.0% in April. A year ago, it was 2.2%. That compares with 15.9% for California in May¹.



On Thursday morning the June Jobs Report was published which reported that the US economy added millions more jobs in June as regions across the country continued to reopen businesses. 4.8 million non-farm jobs were added, and the US unemployment rate fell from 13.3% in May to 11.1% in June. The leisure and hospitality sector accounted for nearly half of the job gains in June.⁹

The weakening of our local economy has caused some Silicon Valley companies to offer early retirement packages and to reduce the size of their workforce through layoffs.

We have talked with clients who have lost their jobs and people that have seen their co-workers lose theirs. This can be a time of stress when important decisions need to be made.

We often hear people asking these types of questions:

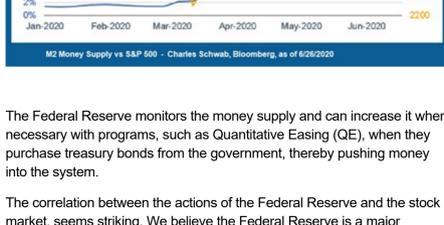
- Can I take the early retirement package and retire?
- What should I do with the retirement accounts at my work?
- What if it takes a while to get a new job, can the severance package last?
- Should I use this opportunity to sell my home and move to a lower cost area of the country?

These are major decisions. At [Financial Journey Partners](http://FinancialJourneyPartners.com), we have the tools and experience to run the numbers and help people make these important decisions. If you know someone who is in this situation, please [introduce them to us](#) and we can help guide them.

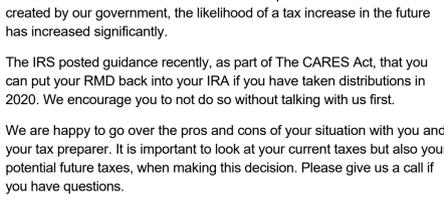
The Federal Reserve vs the US Stock Market

We saw these interesting graphs this week, thanks to Liz Ann Sonders at Charles Schwab².

The first graph is the size of the Federal Reserve Balance sheet vs the S&P 500. The Federal Reserve Balance sheet grows when the Federal Reserve purchases treasury bonds from the Federal Government.



The second graph is the M2 Money Supply vs the S&P 500. The M2 Money Supply in general is the amount of money in circulation in our country. It includes coins and currency in circulation, checking accounts, savings accounts, certificates of deposits less than \$100,000 and money market funds.



The Federal Reserve monitors the money supply and can increase it when necessary with programs, such as Quantitative Easing (QE), when they purchase treasury bonds from the government, thereby pushing money into the system.

The correlation between the actions of the Federal Reserve and the stock market, seems striking. We believe the Federal Reserve is a major contributor to the stock market rally we have seen over the past few months.

RMDs in 2020

Did you take your Required Minimum Distribution (aka RMD) in 2020? We think taking your RMD now has been a good idea for many of our clients as we believe tax rates are near a low point. With trillions of dollars created by our government, the likelihood of a tax increase in the future has increased significantly.

The IRS posted guidance recently, as part of The CARES Act, that you can put your RMD back into your IRA if you have taken distributions in 2020. We encourage you to not do so without talking with us first.

We are happy to go over the pros and cons of your situation with you and your tax preparer. It is important to look at your current taxes but also your potential future taxes, when making this decision. Please give us a call if you have questions.

San Francisco Bay Area Reopening Update

The guidelines for businesses to operate in the San Francisco Bay Area Counties is changing day by day. We found this [map useful that shows the status for different types of businesses for each local county](#). Scroll down lower on this web page for Southern California counties.



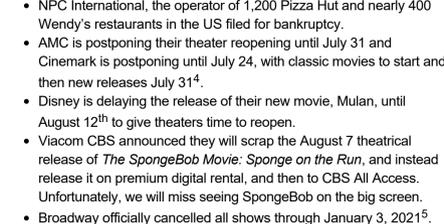
Governor Gavin Newsom announced on July 1 that 19 counties in California have additional restrictions added based on the increasing cases of the virus. The counties are Contra Costa, Fresno, Glenn, Imperial, Kern, Kings, Los Angeles, Merced, Orange, Riverside, Sacramento, San Bernardino, San Joaquin, Santa Barbara, **Santa Clara**, Solano, Stanislaus, Tulare and Ventura.

The additional restrictions are the closing of indoor operations for: restaurants, wineries and tasting rooms, movie theaters, family entertainment centers, zoos, museums, and cardrooms. Also, all bars will be closed in the 19 counties.

All parking facilities at state beaches in Southern California and the Bay Area will be closed for the 4th of July weekend. This does not mean all the beaches will be closed. In counties that close local beaches, the state will follow suit and close state beaches.

The Reopening of America

Researchers have launched an [interactive map of all the counties in the US](#) and have color coded each county based on the risk level due to the spread of the virus. This map provides an excellent view on the status across the country.



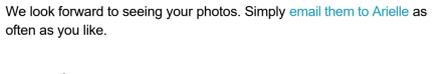
Increasing numbers of cases in some parts of the US has caused a delay and even reversal of guidelines in some states. Here is the latest news on reopening across America:

- Last Friday, Texas and Florida closed their bars and nightclubs.
- Some states are postponing the opening or even reclosing restaurants for indoor dining.
- Apple is closing or re-closing stores, including stores in California, to bring the total to 70 closed stores³.
- NPC International, the operator of 1,200 Pizza Hut and nearly 400 Wendy's restaurants in the US filed for bankruptcy.
- AMC is postponing their theater reopening until July 31 and Cinemark is postponing until July 24, with classic movies to start and then new releases July 31⁴.
- Disney is delaying the release of their new movie, Mulan, until August 12th to give theaters time to reopen.
- Viacom CBS announced they will scrap the August 7 theatrical release of *The SpongeBob Movie: Sponge on the Run*, and instead release it on premium digital rental, and then to CBS All Access. Unfortunately, we will miss seeing SpongeBob on the big screen.
- Broadway officially cancelled all shows through January 3, 2021⁵.
- Last week, Disneyland in California announced it is indefinitely postponing its reopening that was originally for July 17.
- Cirque du Soleil filed for bankruptcy and laid off nearly 3,500 workers. We love their shows and hope they can reorganize and come back strong.
- Good news - Amazon is giving \$500 million total in "Thank You" bonuses to employees who worked at Amazon and Whole Foods from June 1 to June 30⁶.
- Some MLB and NBA players are choosing to opt out of playing baseball and basketball this year⁷.
- The Oakland A's plan to resume playing baseball in the Coliseum in July. In accordance with local health and safety guidelines, fans will not be allowed to attend games. However, fans can purchase a cutout picture of themselves to place in their seats and pick up at the end of the season⁸. Do not worry if you wear the orange and black, the SF Giants are also offering cutouts. That is brilliant marketing to get fans to pay to have a picture of themselves at games they cannot attend!



The 2020 FJP Summer Photo Contest

Have you submitted photos for the [2020 FJP Summer Photo Contest](#)? All photos are welcome! We just want to celebrate what you enjoy and discover this summer.



We hope to get a lot more photos submitted this year! You still have until August 31. Maybe you will snap just the perfect photo this weekend on a bike ride, fishing or golf outing, picnic in the park or even a snapshot of your four-legged family member!

We look forward to seeing your photos. Simply [email them to Arielle](#) as often as you like.

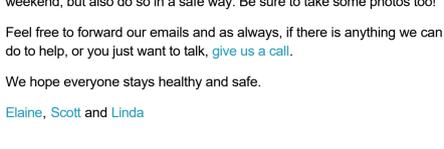
Happy 4th of July

Obviously, this year is quite different, so you will have to be creative on how to safely celebrate our country's Independence Day.

Our independence has more limits right now, but we are optimistic that we will all meet the challenges of our time. We are reminded that the US Founders declared that we should all have the "unalienable right to life, liberty and the pursuit of happiness." We see this as not fleeting but long-lasting good health, security, and less worry to enjoy the journey.

There is still much to celebrate, and we appreciate the trust you show us every day as we assist with your financial independence. We hope the 4th of July weekend will give you the opportunity to celebrate and enjoy some special weekends.

Firework displays across the bay area have been cancelled, but we can still watch the Macy's fireworks display on TV on Saturday, July 4th at 8 -10 pm PDT on NBC. We hope you have a great weekend!



Where Do We Go From Here?

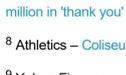
It feels to us like it is two steps forward, then one step back. The news reminds us that the virus is still out there, and we all need to do our part to reduce the spread.

There are still lots of opportunities for us to get out and enjoy this holiday weekend, but also do so in a safe way. Be sure to take some photos too!

Feel free to forward our emails and, as always, if there is anything we can do to help, or you just want to talk, [give us a call](#).

We hope everyone stays healthy and safe.

[Elaine, Scott and Linda](#)



arielle@financialjourney.com
408-963-2858
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