

Good To Know!

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1st Qtr 2020 Newsletter
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At the Federal Reserve Bank



I attend a [speech](#) given by Esther George, president of Kansas City's Federal Reserve Bank every January. The Fed has implemented several smart steps to assist our economy through COVID-19.

Remote meetings and video phone calls are nothing new for us.



We share screens (of your reports), video and audio when we meet online. And you can turn off your video anytime! Stay safe.



Let's Do The Numbers

Video

U.S. stocks hit COVID19, dropping -20% in the 1st quarter. Small companies dropped -31%. International stocks suffered -23%. There's a reason we call bonds the lower-risk investment; they rose 3%, ameliorating the returns in balanced diversified portfolios.

The S&P 500 reached a low point in late March and has rallied a bit from there. Why? We've had good support from the Federal Reserve Bank and Congress. The question is how much economic activity - how many businesses - gets decimated, unable to be revived.

What do we know? We know that we'll come out the other side of this pandemic. Markets usually look - and price - for 6-12 months down the road. Reviving 3rd quarter earnings are a good possibility.

What positive steps can we take? We're tax-loss harvesting to offset capital gains on future tax bills.

We've halted some 2020 required minimum distributions. And more.

For long-term investing, it's still best to diversify and balance among different investments, use solid research, and follow proven investing strategies.

Hear more in the video.

Asset	YTD
Large companies	-20%
Small companies	-31%
Bonds	+ 3%
International stocks	-23%

Giving Estate Planning Workshop



Planning For Simple Estates is a workshop I give each January for younger singles, couples, and older folks with simple situations. [Email](#) if you'd like the handouts.

Key Items In the CARES Act

- \$1200 per person if income is below \$75,000; direct deposit now for most; it's based on 2019 tax returns (or 2018); not taxable
- No Required Minimum Distributions for 2020 from IRAs, including Inherited IRAs
- \$300 above-the-line charitable gift deduction; you get the break even if you use the standard deduction (and don't itemize)
- No 10% early withdrawal penalty on distributions from retirement accounts if Covid19-related. Can be repaid over 3 years. Still taxable, but income tax is also due over 3 years.
- Student loan payments deferred
- Unemployment comp extended
- Loans, or a payroll tax break, for qualifying small businesses
- [Email](#) for a detailed writeup

Resource Tip:

Q: What positive steps can you take in a pandemic?

A: Morningstar Inc. created a [video](#) "4 Ways to Turn a Down Market to Your Advantage": hike savings, lower spending, harvest tax losses, Roth conversions, and refinance debt.

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