

### New Beginnings by Sandy

Well, what a year it has been. During the shutdown I decided to remodel my house. I removed load bearing walls, an 8-foot-wide fireplace, filled in a step down living room with concrete and rebar, and opened it from front to back. I got bids from contractors and chose Izzy as my contractor, from the Flip or Flop TV show. The bid was very detailed and had sections and prices for plumbing, electrical, flooring, etc. We started demo on September 7th and came to an abrupt stop two days later. Homes built in 1967 were built with asbestos and they needed a special team in hazmat suits to remove tiles and all drywall. While doing that, they found termites. Oh, what fun.

My house was down to studs and concrete as they poured three concrete pads to support a new load bearing beam 13 feet across. Work progressed until they got to another room for new flooring and the asbestos team was called in again. Three day delay and asbestos removal total= 12k. Concrete pads= 13k.

I always tell my clients to expect 25% more on bids they get for any remodel project, so I was right on track. The rest of the remodel went fine, and I was moved back in with the kitchen finished by December 20th. Covid did cause delays in supplies, a concrete shortage and some materials. I had also preordered all new appliances at the start of construction, so they were delivered two months early. I have clients in construction now that cannot get appliances for months. The construction teams are all busier than they ever expected but more people are home and want new furniture, new appliances and changes made to their homes.



### Stimulus 2.0 by Erin

Down to the wire, on December 21, 2020, Congress passed additional stimulus for our economy, provided federal funding through September of this year, changed various expiring tax provisions, and modified various financial planning-related issues.

The bill includes stimulus checks with the same income qualifications as before but this time the benefit is \$600 per taxpayer and per dependent children under 17. The unemployed will receive an 11-week extension of \$300 per week. Furthermore, eligible small businesses could receive a tax credit of \$7,000, per employee per quarter for each person retained if they experienced at least a 20% decline in quarterly revenue. A new forgivable loan for certain eligible expenses if revenue was down by at least 25% in any quarter of 2020 can be applied for.

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### Happy New Year! by Carol

The most tumultuous year in recent memory ended on a high note for markets as the fourth quarter brought political and medical clarity which resulted in market gains in the last quarter.

The first two weeks of November provided the certainty markets desired. First, the presidential election was executed successfully, and while there were multiple accusations of election fraud and numerous legal challenges brought by the Trump campaign, Joe Biden was named the winner and President-elect.

Then, on Monday, November 9, less than a week after the election, Pfizer announced that its COVID-19 vaccine was more than 90% effective at preventing infection, which was substantially better than initial estimates. A week later, Moderna announced its COVID-19 vaccine was 95% effective at preventing infection. This double dose of positive medical news provided hope for investors that the end of the pandemic was now only months away, and that fueled a strong rally.

The following are the market returns as of December 31, 2020 YTD. Please note, each client's portfolio is individually constructed and the benchmarks are presented as a comparison tool. Portfolios that have higher weights in tech and large cap growth will have a higher return than a more conservative dividend, large cap value weight portfolio.

Benchmark:	YTD Dec. 2020
60% Equity/40% Fixed	7.77%
50% Equity/50% Fixed	7.12%
Barclays US Agg Bond	5.18%
S&P	16.26%
DOW	7.25%
iShares (EFA)Foreign	5.07%

**Stimulus 2.0 Continued...**

The legislation also includes various personal income tax breaks, including charitable contributions up to 100%-of-AGI for 2021, the ability to carry forward unused Flexible Spending Account balances in 2021, a reduction in the hurdle for Medical Expense Deductions to 'permanently' return to 7.5%-of-AGI, the ability to deduct business meals and entertainment expenses at restaurants for 100% of the expense, the elimination of the deduction for education to be replaced with lower income thresholds for the Lifetime Learning Credit, among other benefits.

Conversely, the much anticipated student loan forgiveness was not included in the bill however, changes to FASFA and student financial aid will be coming in July 2023 and employers can give \$5,250 to an employee tax free for student loan debt until 2025.

**Annual SLOA Notice from TD Ameritrade by Melani**

Our clients who have TD Ameritrade accounts that have linked an external bank account, internal TD Ameritrade account or have on-demand instructions will be receiving a letter from TD to notify them of this link. These standing letters of authorizations (SLOAs) are typically used for monthly distributions, required minimum distributions, and internal IRA contributions.

This letter is simply for your information and no action needs to be taken unless the information is incorrect. If for any reason you do see a discrepancy on the letter, please contact us directly and we can investigate it for you.

If you call TD and have them unlink the account without fully understanding why, then we will have to go through the process of linking the account again. This will delay any future distributions or on-demand requests for money. As a reminder, we ask that you give us as much notice as possible when requesting funds so your advisor can allocate the cash in your portfolio accordingly.

**IRA and 401(k) Contribution Limits for 2021 by Akanksha**

Contribution limits to traditional IRAs and 401(k)s will remain the same in 2021. Remember, required minimum distributions will be mandatory again starting this year and you have to start taking distributions at age 72. However, there is good news on the front as the maximum income levels allowed to make deductible contributions to traditional IRAs and Roth IRAs will increase for 2021. This means more Americans can qualify for the tax breaks. The tables below illustrates the contribution and phase-out limits for your retirement accounts.

(Annual)	401(k)	403(b)	457	Traditional or Roth IRA	Simple IRA
<b>Contribution Limit 2021</b>	\$ 19,500.00	\$ 19,500.00	\$ 19,500.00	\$ 6,000.00	\$13,500.00
<b>Catch-Up Contribution (over age 50)</b>	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 1,000.00	\$ 3,000.00
<b>Total (age 50+)</b>	\$ 26,000.00	\$ 26,000.00	\$ 26,000.00	\$ 7,000.00	\$16,500.00

Income Phase-Out Limit	Single or Head of Household	Married Filing Jointly
<b>Traditional IRAs</b>	\$ 76,000.00	\$ 125,000.00
<b>Roth IRAs</b>	\$ 140,000.00	\$ 208,000.00


**Market Outlook by Carol**

As we begin a new investing year, the outlook for 2021 is more positive than it was for the majority of 2020. First, the Fed is continuing its historic QE program and will keep rates low. Also, Congress finally agreed on another stimulus bill which will help the economy weather the ongoing COVID-19 pandemic. Finally, corporate America has once again demonstrated itself to be both resourceful and resilient, and while some industries (airlines, cruise lines, hotels) face a long road to total recovery, many American companies have exited 2020 in strong financial shape.

But, as 2020 has taught us all, nothing is guaranteed, and we must expect the unexpected. To that point, unemployment remains historically high (still well above levels we saw at the depths of the Great Recession) and while many of those unemployed workers should return to work once the pandemic begins to recede, it is unclear how many small businesses will have survived to hire them back.

Additionally, as the economy begins to normalize, it is unclear just how quickly we can expect economic growth to return to pre-COVID levels. As I am writing this today, it looks like the House and Senate will have a Democratic majority and the markets are cheering this and hitting new highs (more stimulus?).

Regarding stimulus, we need to remain wary of the negative consequences of the ballooning federal debt and budget deficits. We will continue to closely monitor inflation and interest rates as they are some of the most sensitive instruments to increased deficits and Federal debt.



*In memory of the clients we had to say goodbye to in 2020. It is with sadness that Patricio T., Mike S., Harriet E., Ronald L., Juanita D., Bill O., and Roger F. passed away this year. They will be greatly missed...*



*Let's Celebrate!*

Wishing all of you a happy, prosperous, and healthy 2021!

"The new year stands before us like a chapter in a book waiting to be written."