



The Legacy Ledger

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Legacy Financial Planning 1485 Monroe Ave. Rochester, NY 14618 (585) 241-5250

STOCK MARKET PERFORMANCE AND PRESIDENTIAL ELECTION YEARS

With 2020 being a presidential election year, investors are taking a keen interest in its impact on market performance. Let's take a look at what history has shown us.



- The Presidential Cycle theory suggests that presidential elections have a predictable impact on market performance. Developed by stock market historian Yale Hirsh, his theory suggests that the market is at its weakest in the first year of a new president's term with year 2 showing a gradual improvement and year 3 boasting the highest gains. Though past history of market performance does support this theory, particularly in the 20th century, a look at the three most recent presidential terms clearly debunks Hirsh's theory as investors saw markets rise in the first years of Trump, Bush and Obama administrations.
- The generally accepted belief is that a Republican win would be a win for businesses and consequently a shot in the arm for the stock market. However, since 1990 the market has performed slightly better annually under a Democratic president than a Republican. Therefore, which party wins does not seem to have a substantial influence on the stock market.
- Another assumption is that a divided government creates a balanced government thereby having a favorable impact on the market. Yet again history tells another story. Going back to 1928, data shows the S&P 500 has gained 17% annually during a 4-year term when Congress and the president were controlled by the same party compared to an average return of 15.6% when in separate parties.*
- Past election results do not appear to be strong indicators of market returns. More reliable, it would appear, is the market's influence on election outcomes. Historically, when the S&P 500 has risen in the 3 months prior to an election, the incumbent candidate has typically won. Conversely, when the market has fallen in that 3-month period the challenger has won. This trend has only missed the mark 3 times since 1928, an 87% success rate, and has been on target every election since 1980.**

Using election results to predict market performance is risky and shortsighted. Numerous factors are associated with market performance and past performance, seemingly tied to election results, does not guarantee future returns.

The year 2020 has been a year like no other in recent history and what the next 80 days leading up to the election brings is anyone's guess. History demonstrates it's best to watch the election unfold from the sidelines and stay the course with your long term investment plans. We couldn't agree more!

*<https://shariaportfolio.com/how-presidential-elections-affect-the-stock-market/>, June 2020

**<https://www.schwab.com/resource-center/insights/content/stock-market-performance-presidential-election-years>, May 2020

Standing Withholding Elections

*Legacy
Lingo:*

This term refers to your federal or state income tax withholding election made for your Raymond James IRA account. Once elected it is applied to all distributions from that IRA account and eliminates the need to submit a new distribution form each time. Per IRS regulations, a 10% mandatory federal withholding is required unless 0% is elected or an amount above 10%. State withholding regulations vary and are based on the laws of your state of residency at the time of the distribution request. Contact our office if you would like to update your current withholding elections and a form will be sent to you.



David Korody
Healthcare Professional, LFP
Branch Associate, RJFS

Test your Medicare Knowledge

1. You can enroll in Medicare without penalty anytime after you turn 65.

True or False

2. The penalty for late enrollment in Part B is

A. 25%

B. 10%

C. 2%

D. There is no penalty. I can sign up anytime.

3. Which service is not typically covered by Original Medicare?

A. Dental services

B. Hearing Aids

C. Long Term Care services

D. All of the above

4. The annual limit on out-of-pocket costs for Original Medicare beneficiaries is

A. \$10,000

B. \$6000

C. \$4000

D. There is no annual limit for out-of-pocket costs

5. Medicare recipients automatically receive the Part D prescription drug plan when they enroll in Medicare.

True or False

How did you do? Turn to page 5 for the answers.



RETIREE IN TRAINING JULY 15, 2020

[HTTPS://WWW.RAYMONDJAMES.COM/COMMENTARY-AND-INSIGHTS/RETIREMENT-LONGEVITY/2020/07/15/RETIREE-IN-TRAINING](https://www.raymondjames.com/commentary-and-insights/retirement-longevity/2020/07/15/retiree-in-training)

Practice makes perfect when it comes to retirement.

Are you ready to retire? Are you sure? Think about it before you say, “Yes!”

Most of us really look forward to the idea of well-deserved, unstructured free time. A time to do exactly what we please when we please – spend time with family, pursue hobbies, volunteer, travel.

Until we get there. The 2018 Global Retirement Reality Report found that **only 53% of Americans said they were happy in retirement**. Some retirees underestimate how long it takes to adjust to what may be a radically different lifestyle; others miss their friends from work; still others find themselves with too much free time on their hands between grand adventures and visits with the grandkids.

Like all major life events, transitioning to a retirement lifestyle can be a major adjustment and comes with a few hiccups along the way. One day, you may go from your seat at the top as a powerful executive to a lounge chair in your living room with the TV or Fido for company. The point is, without your career to define you, what will?

Finding the answer takes a lot of preparation – emotionally, physically and financially – and a lot of thought. While the financial component is critical to a sustainable retirement, so is your quality of life. Too few people consider the psychological factors, which include letting go of your career identity, shifting social networks and spending more unscheduled time with your spouse, as well as the need to find new and engaging ways to stay active.

It’s crucial that would-be retirees invest in their social, physical and psychological needs as well as their financial ones. And that takes planning. Here’s what we mean.

All or nothing?

It turns out you don’t have to go all-in on retirement. You can transition into it, while still working. In the years before you plan to retire: Practice. Try out different aspects of your proposed retirement and see if they are as fulfilling as you imagined. If traveling is on your agenda, start with extended trips to areas of interest (when the time is right). Pickleball more your cup of tea? Practice now to ensure it’s as fulfilling as you hope. Doing so, while you still have a job, can help with your eventual satisfaction in retirement. You may find you prefer a sort of hybrid retirement that perfectly blends work and leisure into the ideal mix for you.

You’re looking for fulfilling activities that also fill up your time in meaningful ways. Having an emotional connection, a purpose, to your activities helps motivate you and creates a sense of contentment. So it’s important to really give some thought to what makes you happy. Allow yourself the luxury of introspection and give yourself permission to enjoy your 60s, 70s and beyond using the money you’ve saved specifically for this purpose.

Once you have a good idea of what makes life more meaningful for you, take the time to experiment, explore and reflect on both your leisure and work options (e.g., part-time, consulting, moving to a new industry) to find the right balance of time, money, work and play that will become your retirement lifestyle.

(Continued from Page 3)

This work-and-play approach works best for those near traditional retirement age who are willing and able to work longer in exchange for getting a good read on their retirement readiness.

Consider the work perks

There are several benefits of continuing to work, in any capacity, while you try on retirement for size. The additional income can help you:

- Avoid drawing down your retirement savings, allowing time for potential future growth.
- Start enjoying the retirement lifestyle that will be most fulfilling for you.
- Pay down unnecessary debt or splurge on a large purchase.
- Stretch your retirement savings. Even a part-time salary will reduce the amount you'll need to withdraw. For example, making \$10,000 a year is enough to replace a 4% annual withdrawal from a \$250,000 portfolio.
- Delay taking Social Security, until age 70. Each year you wait adds 8% to your monthly benefits.
- Reduce out-of-pocket healthcare costs since you'll still be covered under employer-subsidized insurance.
- What brings me joy?

To get into the right mindset, first figure out if you really want to retire and what that may look like. Imagine how you'll spend your days as well as what a typical day would look like. Ask yourself:

- What current activities do I want to continue in retirement?
- What new things do I want to learn or do?
- Who would I like to see more of and how often?
- Where would I like to travel?
- What role does work play in my life?

A change of pace

Of course, everyone's vision for retirement will be different, and any decisions about this important phase of life should be based on your financial situation and comfort level. If continuing to work while dipping your toe into the retirement waters appeals to you, run the idea past your advisor to determine if the idea is feasible. He or she can help you determine if a more gradual approach could help you adjust emotionally and financially, so you can achieve the ultimate reward: a happy, fulfilling new life.

Sources: T. Rowe Price; Forbes; The New York Times "Thriving at Age 70 and Beyond"; Employee Benefit Research Institute estimates from Health and Retirement Study (HRS), April 2016; U.S. News & Work Report, "How to be happier in Retirement"; Hartford Funds/MIT's AgeLab; ssga.com



PLUGGED INTO SOCIAL SECURITY

With local SSA offices closed due to COVID-19, attempting to speak with a Social Security phone representative may mean extremely long wait times. We suggest logging onto their <https://www.ssa.gov/> instead. Once there you'll be prompted to create your personal mySocialSecurity account, and we highly recommend doing this. Since the SSA has stopped mailing paper statements, this online account is your primary source for reviewing your benefits to ensure accuracy. Simply fill out the short form then once your account is activated you'll have the ability to review your earnings records, estimate monthly benefits, request a replacement card, or change your address or phone number. Aside from personal benefit information, this website also offers articles, blogs, and newsletters on topics all related to social security. It's a tremendous resource, easy to use, and very well organized. Well done, SSA!

Empty your drawers! Clean out your closets!

Then come on over to our

DRIVE-THRU

Shred Event

Pull your car into our
parking lot off Sylvan Road.

No need to get out of your car!

Monday, October 19th

from 10 to 2



Sorry, no picnic lunch provided this year.

ANSWERS TO OUR MEDICARE QUIZ:

1. False. For most people, you're eligible to first enroll in Medicare during your Initial Enrollment Period (IEP), three months before your 65th birthday month*, during your birthday month, and three months after your birthday month. If you miss your IEP, there are still opportunities to enroll, but you may pay higher premiums or have fewer plan choices unless you qualify for an exception. *If your birthday is on the first day of the month, your Part B coverage will start the first day of the prior month. If this is true for you, use the month before you turn 65 as your birthday month.

2. B. 10%. If you didn't get Part B when you were first eligible, your monthly premium may go up 10% for each 12-month period you could have had Part B but didn't sign up. In most cases you will have to pay this penalty each time you pay your premiums, for as long as you have Part B. And, the penalty increases the longer you go without Part B coverage.

3. D. All of the above. There are many services Original Medicare does not cover. Many recipients will opt to purchase a supplemental insurance plan, or Medigap plan, to cover these costs.

4. D. Currently there is no annual limit on out of pocket expenses with Original Medicare. An unexpected health emergency could cost thousands. A Medicare Advantage Plan offers out of pocket maximums and are sold by private insurance companies.

5. False. Medicare prescription drug coverage is an available benefit offered to anyone who is entitled to Medicare Part A or is enrolled in Part B.

So, how'd you do? If you missed a few questions you're in good company! Medicare is confusing and there are multiple factors to consider when deciding on a plan.

THANKFULLY WE'VE GOT THE HELP YOU NEED!

Enrolling for the first time? We'll help you sign up! Looking to change plans? Our healthcare professional, Dave Korody, will provide you with the options you need to help make the best decision for your specific needs.

CALL TODAY AT (585) 241-5250 OR EMAIL DAVID@LEGACFP.COM

LONG TERM CARE WEBINAR OFFERED



Tuesday, August 25th at 11:00 AM
Asset Based vs. Traditional LTC

REGISTER AT <https://www.legacyfp.com/>

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