

June 2020

# The Legacy Ledger



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

For many of us, the past few months have been fraught with worry and unease as COVID-19 turned our world upside down. With the promise of summer, though, comes the hope that some normalcy will return to our lives. Shops, restaurants, parks, churches, and the like are beginning to reopen. Yet, while we're eager to start living life as usual again, it's important to be mindful of continuing to practice social distancing, minimizing social gatherings, and continuing good hygiene, especially in our older population. For now, in particular at our Rochester location, we are continuing with Zoom reviews and limiting visitors. We understand that



some clients would prefer to meet in person, and we hope to transition back to that format in the future. In the meantime, many clients who have "virtually met" with us have told us they appreciate how efficient and convenient the Zoom meetings are. If you haven't yet scheduled your Zoom review, we encourage you to give us a call and give it a try!



- Unless you file an extension, your 2019 tax return is due July 15th.
- The IRS recommends using direct deposit to receive your tax refund.
- If you owe taxes, payments are due by July 15.

**Legacy Lingo:  
Terms to Learn**

## RECESSION

In general terms, a recession is a significant slowing of economic output marked by at least 2 consecutive quarters of decline in the gross domestic product (GDP) with rising levels of unemployment. The National Bureau of Economic Research is widely recognized as the authority defining when a U.S. recession begins and ends.

Is a bear market the same as a recession? Not necessarily. A bear market is a result of negative and pessimistic investor sentiment. It's important to remember that the stock market is not the economy and that the market may be up even in times of economic downturn.

## Are you in the right plan?



David Korody  
Healthcare Professional, LFP  
Branch Associate, RJFS

**Q:** Do I need to re-enroll in my Medicare plan every year?

**A:** No, in most cases you do not need to enroll every year. However, I always advise Medicare recipients to review their plan annually to be sure it is still meeting their needs. Every fall your Medicare plan will send you an Annual Notice of Change which outlines any changes your plan will be making for the following year (usually effective January 1). This notice will list changes in plan costs as well as drug coverage changes, so it's important to review this notice and reassess your own health care needs: Have your healthcare needs changed over the past year? Are your prescription drugs still covered? Are you paying for benefits you don't need? Enrolling in a plan that doesn't cover your healthcare needs can be costly. My job is to provide you with options from a number of different healthcare plan providers then together we'll find a plan that is right for you and your budget.

## Social Security & You

One of the questions we hear most often when meeting with clients nearing retirement is, "*When should I start receiving Social Security benefits.*"

No two answers are ever the same. When putting together a retirement income strategy, Social Security benefits is just one component of the overall picture. To answer that one question, we need to ask many others. How much will you be receiving in benefits? How much will your spouse be receiving? When do you plan to retire? What are your retirement goals? What other sources of retirement income are available and how much? Do you plan to continue working after you retire? Determining when to begin receiving your Social Security benefits should be made with careful planning to maximize the benefits you've worked so hard to earn. Before making any decisions, work with your advisor in creating a comprehensive retirement income plan that's right for your unique financial situation.

**Your Employer's Retirement Savings Plan -  
Four options when you leave your job**

According to the US bureau of Labor Statistics, the unemployment rate in the US surprisingly fell to 13.3% in May after soaring to 14.7% in April. While this rebound is good news, the fact remains that millions of Americans remain unemployed with the real possibility of never returning to their former place of employment. If you find yourself suddenly unemployed without the possibility of returning, what do you do with your 401(k) or 403(b) retirement savings plan? Typically there are 4 options available:

- Cash out the account
- If allowed, leave the money in the former employer's plan
- Roll the funds into your new employer's retirement plan
- Roll the funds into an IRA

Though these options may appear straightforward, careful consideration needs to be made when making your final decision. Some may have negative consequences that could be costly. The chart below outlines some factors to consider when selecting your option. Find more information on our Resource page at <https://www.legacyfp.com/newsletter>.

OPTIONS				
CONSIDERATIONS	Leave the money in former employer's plan	Roll over the assets to new employer's plan	Roll over to an IRA	Cash out the account value
Investment options	Limited	Limited	Unlimited	N/A
Fees & expenses	Plan specific	Plan specific	Firm or product specific	Closing penalty and taxes
Services	Limited	Limited	Comprehensive	None
Tax implications	None	None	None, if direct	Penalties and taxes
Protection from creditors & legal	Yes, generally	Yes, generally	State specific	No
Required Minimum Distributions (RMDs)	Required at RMD age	May be able to delay beginning date	Required at RMD age	N/A
Employer stock	Yes	Plan Specific	Yes	Net unrealized appreciation special rules

We believe your best option overall, before you make any decisions, is to consult your financial professional who can advise you in which option would be most appropriate for you. Contact our office to schedule a complimentary consultation today with one of our experienced financial planners.

**It's easy to contact us! Go to <https://www.legacyfp.com/contact>.**

## WHY IS THE STOCK MARKET SURGING DURING A PANDEMIC?

JUNE 9, 2020

Every so often, there's a time when sober Wall Street investors rub their eyes and say, "What on earth is going on?" This is one of those times.

On Monday, the Standard & Poor's 500 stock index jumped 1.2 percent — the same day the economy was declared in a recession, more than 40 million people were out of work, a global pandemic raged and economists predicted that the gross domestic product would fall more than 40 percent in the second quarter. The tech-laden Nasdaq Composite stock index made a new all-time high.



The S&P 500 has soared 45 percent since March 23. Less than a month before that, the blue-chip index fell 34 percent, the swiftest bear market in history. In Wall Street parlance, a loss of 20 percent or greater from a high is a bear market, while a gain of 20 percent or more from a low is a bull market. Technically, we're already back in a bull market.

The bear market part is easy to understand. Investors hate uncertainty, and the novel coronavirus that produces COVID-19 was a massive wave of uncertainty. The virus forced global trade and businesses to gear down — or shut down entirely — as nations imposed quarantines. U.S. unemployment soared to 14.7 percent in April, a level last seen in the Great Depression. Supply chain disruptions caused shortages of basic necessities, from food to toilet paper. Corporate earnings in the first three months of 2020 were sharply lower than the same quarter a year earlier, and Wall Street is looking for a 44 percent decline in earnings in the current second quarter from the first quarter.

### Running of the bulls

Why the stock rally? "It all boils down to optimism surrounding the reopening of the economy," says Sam Stovall, chief market strategist of U.S. equity strategy for CFRA\*. The stock market looks ahead, and investors are betting on an economic recovery that's just as fast as its decline. Estimates for corporate earnings, which had been slashed in the wake of the coronavirus, are likely to be revised up as America returns to work.

Furthermore, the Federal Reserve has pushed short-term interest rates to near zero, and the yield on the bellwether 10-year Treasury note remains below 1 percent. Low interest rates make it cheaper for businesses to borrow and expand — and those low interest rates make stocks more inviting compared to low-yielding CDs and bonds. And, while it's difficult to predict what actions Congress will take, the odds of another stimulus package rise the longer the economy struggles.

In this kind of atmosphere, any indication that things are getting better — not necessarily that they are good now — is met with cheers. For example, the U.S. Bureau of Labor Statistics reported that the May unemployment rate stood at a still-staggering 13.3 percent. The S&P 500 rallied 2.6 percent that day. Why? Because as bad as a 13.3 percent unemployment rate is, it's better than the 14.7 percent unemployment rate of a month earlier — and far better than the predictions of nearly every economist.

### Uncertain outlook

Famed investor Benjamin Graham once compared the stock market to an extremely moody shopkeeper

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who marks prices up one day and slashes them the next. In periods of extreme uncertainty, those mood swings will probably increase: The stock market has to factor in the course of a previously unknown virus, the upcoming U.S. elections and the prospects of an economic recovery.

Stovall is reluctant to call the current rally a full-blown bull market. "It's a bull market with an asterisk," he says. "I'd like to see it run for a full six months before we call it a true bull market."

In March, investors got a brutal reminder of what a bear market is like following more than a decade of rising share prices. The stock market's rapid recovery has provided some comfort. Jumping in and out of the market is a mug's game: Few investors can time it right. It's best to match your investments with long-term goals — ideally, 10 years or more away — and invest small amounts at regular intervals.

\*Raymond James is not affiliated with and does not endorse the opinions or services of Sam Stovall or CFRA.

Waggoner, John. "Why is the Stock Market Surging During a Pandemic?" *AARP*, June 9, 2020, <https://www.aarp.org/money/investing/info-2020/stock-market-holidays.html>.



## PLANNERS & PLATES

Honoring Essential Workers  
Supporting Local Eateries

Congratulations to our  
most recent winners,  
*Tiffany Small and Adam Radens.*



While nearing the end of her pregnancy, Tiffany, now a mother of 5 little ones, worked throughout the height of the COVID-19 pandemic as a nurse in the Strong surgical intensive care unit. Thankfully both baby and mother are healthy. It was our pleasure to honor Tiffany and her family with a meal from The Bad Apples Bistro.

*Thank you, Tiffany, for the dedication and care you give to your patients and growing family!*



Lieutenant Adam Radens is a member of the Rochester Police Department and was nominated for his unwavering commitment to the people he "serves, protects and risks his own life for." We thank him and honor his commitment to his community and for putting the needs of others before his own. Adam, with his wife Roseann, is also raising a young family and was extremely grateful to be recognized for his hard work and dedication. They enjoyed a meal from Agatina's Italian Restaurant in Spencerport.

*Thank you, Lieutenant Radens, for your unselfish service to our community!*

*Is there an essential worker you'd like us to recognize? Send your nomination to [info@legacyfp.com](mailto:info@legacyfp.com)*

# Have you met Missy?

Client Relations Associate, Melissa (Missy) Blanco, has been with Legacy Financial Planning since April of 2019 and has proven to be a valuable addition to our team. Whether answering our busy phone lines, scheduling Zoom appointments, compiling client review reports or preparing service paperwork, Melissa tackles each task head-on. She is resourceful and willing to help whenever and wherever needed. Though her job requires her to wear many hats and juggle multiple tasks, Melissa is always up for the challenge. We appreciate her hard work and dedication to our staff and in particular to you, our clients. Thanks for all you do, Missy!



Melissa (Missy) Blanco  
Client Service Associate



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