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### Impact of Presidential Election on Your Portfolio?

Historical U.S. Presidential Election Results		
Election Year	President Elected	S&P 500 Index Total Returns
2012	Obama	16.0%
2008	Obama	-37.0%
2004	Bush W	10.9%
2000	Bush W	-9.1%
1996	Clinton	23.1%
1992	Clinton	7.7%
1988	Bush HW	16.8%
1984	Reagan	6.3%
1980	Reagan	32.4%
1976	Carter	23.8%
1972	Nixon	19.0%
1968	Nixon	11.1%
1964	Johnson	16.5%
1960	Kennedy	0.5%
1956	Eisenhower	6.6%
1952	Eisenhower	18.4%
1948	Truman	5.5%
1944	Roosevelt	19.8%
1940	Roosevelt	-9.8%
1936	Roosevelt	33.9%
1932	Roosevelt	-8.2%
1928	Hoover	43.6%

The biggest question you might have heading into next month's Presidential election might be:

- What will happen to my portfolio post-election?
- Will stocks<sup>1</sup> continue to go up or crash?

The real honest answer to these questions is that no one really knows. No one has a crystal ball, and the answer is un-knowable until after the fact. However, we can take an intelligent guess based on history.

What history has shown us is that since 1928 stock have gone up during Presidential re-election years regardless of which party wins the White House, one exception being Roosevelt's 2<sup>nd</sup> re-election run early in WWII<sup>2</sup>.

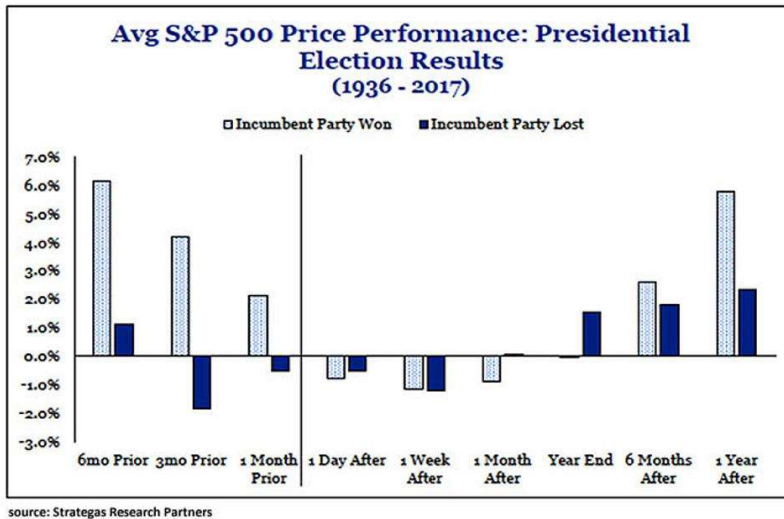
Source: Morningstar/Ibbotson Associates.

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<sup>1</sup> Represented by S&P 500 Stock Index.

<sup>2</sup> S&P 500 Index Returns In U.S. Presidential Election Years. First Trust. <https://static.fmg suite.com/media/documents/567f6ca2-a610-46e2-b3a8-b54a17b384d1.pdf>

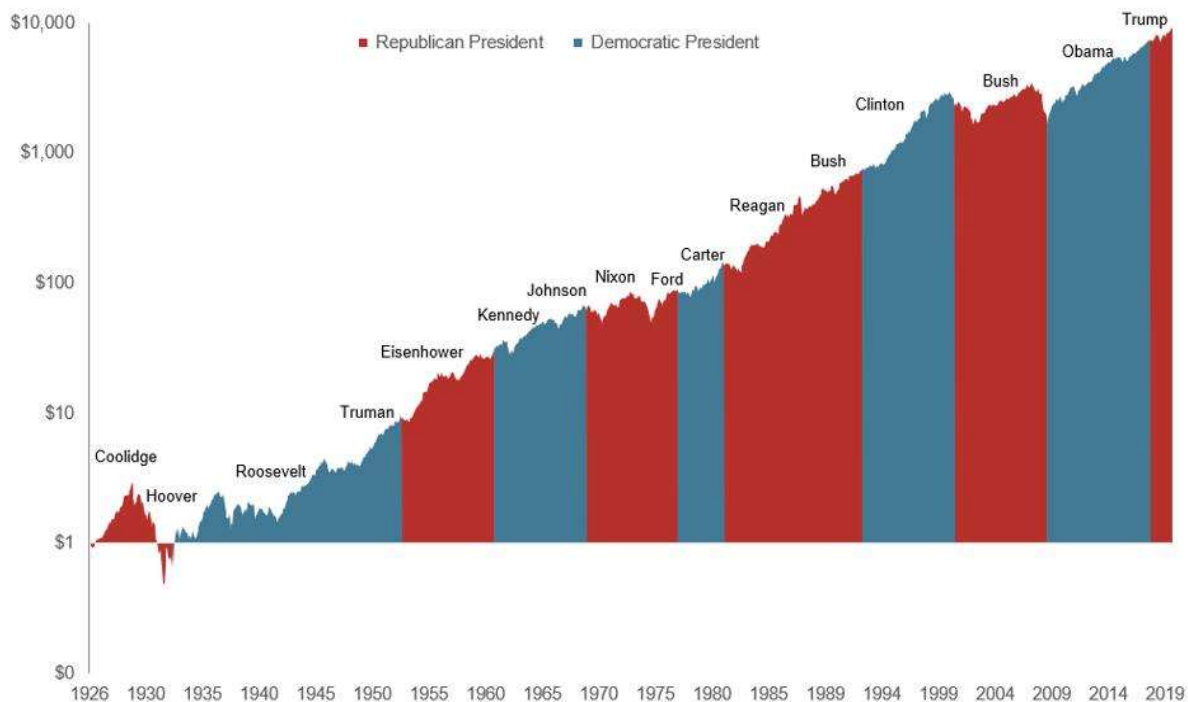
## THE S&P 500 HAS BEEN A GREAT INDICATOR OF PRESIDENTIAL ELECTIONS 3 MONTHS OUT



Although the magnitude of how much stocks are up varies, stocks have mostly rallied post-election into the year-end, and always 6 months and 1 year after.<sup>4</sup>

Your concern may be that both the economy and stock markets might falter long-term for a number of reasons, i.e., higher taxes, deficit, inflation, etc. History again shows the opposite to be true. Yes, there certainly can be corrections, minor or major. However, long-term, both the economy and stock markets have grown over time regardless of politics.

## Growth of a Dollar Invested in the S&P 500: January 1926–December 2019



Source: (S&P data (C) 2020 S&P Dow Jones Indics LLC, a division of S&P Global. All rights reserved.) DIMENTIONAL FUND ADVISORS.

History in this sense tells us that politics has limited, short-term impact and the long-term economy and stock markets continue to forge ahead. As such, our recommendation is the same as we recommended in 2016, exercise your civic responsibility, vote, lean back and watch what happens politically as an entertainment, and allow us to manage your portfolio through good and bad.

<sup>4</sup> Kristin McKenna (Aug 18, 2020). [Here's How The Stock Market Has Performed Before, During, And After Presidential Elections](https://www.forbes.com/sites/kristinmckenna/2020/08/18/heres-how-the-stock-market-has-performed-before-during-and-after-presidential-elections/#5bc649884f86). Forbes.  
<https://www.forbes.com/sites/kristinmckenna/2020/08/18/heres-how-the-stock-market-has-performed-before-during-and-after-presidential-elections/#5bc649884f86>

Clearly the two-decades plus starting with 1999 has been tumultuous and volatile. 100-year events seem to be happening every 2 to 3 years in different guises, from 9/11, wars, hurricanes, debt crisis, flooding, Great Recession, wildfires, pandemic, etc. You name it, we have seen it. Economy and stock markets have swooned and catapulted. As long-term investors, we have lived with the accompanying volatility. Yet, through thick and thin, the S&P 500 has gained over these 20 plus years.

If you are concerned that this time things might be different, please take a look at this September-ending quarterly report. Many of you have been with us for over 20 years. Please note your Investment Gain/Loss (since inception, net of all fees and expenses) and your net invested amount (Beginning balance less net Contributions/Withdrawals). Our hoped and desired outcome for you over the life span of your engagement with us is that you live on your investment gains, meaning you withdrawal everything you have given us and still has as much or more than you've given us. If you believe the past 20 plus years is the worst investment experience anyone living can experience as an adult, we believe you will be okay regardless of what happens with the upcoming Presidential election.

For some of you in retirement, we have purposefully structured your portfolio into Income and Wealth buckets. Income buckets are typically invested in cash and bonds with the goal of providing a lifetime income stream with lower market risk/volatility. The Wealth bucket is typically invested in accordance with your children's timeline with the goal of helping to maximize any potential inheritance. Under this investment approach, we have positioned your portfolio so that you are taking appropriate market risk without endangering your financial comfort and independence for the rest of your life while helping you to leave a generous legacy for your loved ones.

As you have experienced, we at McNellis & Asato our best to prudently manage your retirement savings and investments through thick and thin. In times of stock market euphoria, we know to prudently trim your overweight stock allocation back to neutral. In times of stock market swoons, we know to preposition your portfolio for recovery without cutting your retirement income. Your portfolio still goes up and down with the stock markets short-term without cutting your income stream.

We live in an unprecedented and uncertain time. Events around us cause us to become anxious and unsettled. What we took for granted and normal no longer seems to exist. The world around us seems to be caught in a dualistic we-them, win-lose untenable and unsustainable schism. However, if history is any lesson, societies gyrate and undergo seismic shifts periodically as much as stock markets yet always come through and regain semblance of normalcy. We believe we will do so again this time as generations have done so before us.

San Asato, CFP®

### **Like Social Security, Claiming your Pension Could Benefit from a Review**

I am sure you have heard that it pays to review your options when claiming Social Security Retirement Benefits. Often, it makes sense for single people and the highest wage earner in a couple to claim their benefits close to age 70. Depending on your other resources, you may increase your wealth by claiming at a different age.

Pensions work the same way. It is often beneficial to review the different payment options offered through your pension before making a decision.

Pensions and Social Security are both regular payments that are promised to last your lifetime. Pensions by the pension fund or an insurance company and Social Security by the Social Security Administration. For both pensions and Social Security Retirement Benefits, the guarantor of the payments is dealing with a large number of beneficiaries so they know that, on average, life expectancy is a good measure of the number of payments they will make. They know when the payments will end so the variable is the starting date.

If you start your payments a year or two earlier than standard for your pension, they will pay you a little less each month because they will be paying for a year or two more. If you start payments a year or two later, they can pay you a little more each month since they will be paying for fewer years. They have a lump sum they want to pay you and they want you to receive that amount over your life expectancy.

You “win” by living longer than your life expectancy and receiving payments for more years at the end of your retirement. The idea is that the pension fund has the money to pay those extra dollars to you because someone else lived a little less than their life expectancy.

Assuming you have enough money to retire, reviewing Social Security and pension benefits helps you to squeeze just a little more value out of these payments so your total wealth will increase.

If you want to explore opportunities in your financial situation, please let San, John or Yoshi know. We can analyze your situation and help you finalize the decision.

John Comer, CFP®

### **Year-End Deadlines**

With the beginning of the fourth quarter comes planning ahead for year-end requests. Deadlines for common year-end Raymond James requests are as follows:

November 30:	Roth Conversions
November 30:	Gifting Mutual Funds In-Kind
December 16:	Contribute mutual funds to a Donor Advised Fund account
December 2:	Third-party cash gifting

If you are considering donating in-kind to your favorite non-profit or converting your IRA to a Roth, for example, please contact our office so we can prepare the required forms.

It is the goal of every Raymond James department to process all requests received after the deadline on a “best efforts” basis prior to year-end.

### **Contact Information**

As always, we thank you for your trust in us! We will continue to endeavor to “go the extra mile” as best as we can in serving you. If anyone of us can be of service, please feel free to call us directly at (952) 548-extension number (please reference table below). Our general line is (952) 548-3123.

San Asato, CFP®	Managing Advisor	Planning & investment	3130
John Comer, CFP®	Financial Advisor	Planning & investment	3134
Yoshi Asato, AAMS®	Financial Advisor	Planning & investment	3110
Marsha Virgin	Business Manager	Office & appointments	3114
Jennifer Cole	Sr. Client Service Assoc.	Funds withdrawal & forms	3112
Sam Luetgers, CFS®	Client Service Assoc.	Investment Reporting & analysis	3113

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## Congratulations, Sam & Jill!

We are excited to share with you some good news - the engagement of Sam Luetgers and his long-time girlfriend, Jill! Sam and Jill took a particularly interesting picture that day and shares with us how the day exactly unfolded:

I wanted to surprise Jill but didn't have a specific plan. We impulsively bought plane tickets to Denver, Colorado to stay in a family friends mountain house in Frisco over Labor Day weekend. I thought to myself what a great opportunity to get on one knee! We decided to hike Blue Lake Trail during our visit which looked beautiful from photos so I decided I was going to ask her then. I was anticipating that Jill will want to take a picture of us near the top so I waited until she asked and I pulled out the ring! Our friends captured the moment and our dog, Daisy, couldn't have had better timing!



*CONGRATULATIONS SAM & JILL!*