

ONE Financial's News 04/04/2020 - Disaster Relief Update

This week, ending April 3, 2020, has shown us that “things can get worse”. The Dow closed at 21,052 (-26.2% ytd) off its March lows around 18,300 and the S&P closed Friday, at 2488. As of 3/28/20, over 10 million new jobless claims (unemployment) have been filed, putting U.S. Unemployment at about 4.4%, and expected to increase.

The U.S. continues to battle the Coronavirus and I find myself reflecting on the fact that most of the national news is being presented by people personally located in the epicenter of New York. I cannot imagine the fear people there are living with each day, but I think we “hear” their fear through the voices of the media who live there. As this health crisis continues to spread, we will likely come out on the other side with a set of “new norms”, much like after the crisis after 9/11 and the Great Recession of 2008. But, I am hopeful, even confident, that the U.S. will not only survive this new crisis, but ultimately we will thrive!

CARES Act Provisions. You are hearing a LOT of new terms in the headlines: Social Distancing, Virtual Zoom Happy Hours, Disaster Relief, the CARES Act, and Payroll Protection Plan to name a few. The CARES Act (Coronavirus Aid, Relief and Economic Security Act) was signed on March 27, 2020 and was the largest stimulus package in our nation's history, valued over \$2.2 Trillion. The government has several additional stimulus packages they can execute, if necessary, but eventually any stimulus activity does have to be paid back.

Most people are aware they will receive some cash distribution, up to \$1,200/individual and \$2,400/married couple, if their incomes were below \$99,000 and \$500/child. Here are some of the other provisions you may not have heard. Speak with us or your tax preparer on potential implications that may arise later.

- Social Security recipients with direct deposit will receive the Relief distribution towards end of April.
- Waiver of the 10% premature penalty for coronavirus related distributions from 401ks/IRAs for owners under age 59 ½.
- Waiver of RMDs (Required Minimum Distributions) for 2020 for individuals and beneficiary (inherited) IRAs. This also applies to individuals who turned 70 ½ in 2019 but did NOT take their RMD prior to 01/01/2020.
- Tax filing deadline for 2019 tax returns postponed to July 15, 2020, allowing individuals to make 2019 IRA and Roth contributions up through the same date.
- Charitable contributions in 2020 will be 100% deductible up to your adjusted gross income.
- Suspension through 9/30/20 on federal student loans and no interest charged during this time. Individuals should contact their loan provider to pause payments.

Here are our thoughts this week:

1. Uncertainty still looms as there are no clear lines yet on the economic impact of the Coronavirus on either the U.S. economy or the global economy. The U.S. economy has slipped into a recession and we may not know the full extent until summer.
2. The impact of this illness could get worse before it gets better and we now know that no demographic is “immune”. The longer it takes for us (all of us) to do our part to help get ahead of this disease, the more significant the impact on our economy.
3. The federal government has enacted three impactful stimulus packages. If needed, there are additional stimulus levels they can act on.
4. Small businesses (under 500 employees) historically have generated about 45% of our nation's income. These businesses are being most impacted, as we are seeing rocket increases in unemployment claims.
5. It will take some weeks, possibly a few months, before we see positive results from the Disaster Relief stimulus. The Small Business Administration, banks, Treasury Department and our government are working tirelessly to get loans and payroll protection reserves out to the small business community and individuals.

Keep Your Focus



- Stay in touch. We want to hear how you're doing and WHAT you're doing to help you stay focused on your well-being (physically and financially).
- Join us for our client video conferences on the first and third Saturday mornings through May. **The next video conference will require 'registration' and will be held April 18 at 9:00 a.m.**
- If you have an IRA and completed your 2019 tax return, contact Shannon to schedule your conference to discuss if a Roth conversion is a good opportunity for you.
- Share our information and introduce us to your adult children, extended family, friends, neighbors and coworkers. Some people might appreciate getting a second opinion or hearing our perspective.
- We've heard the saying, "Patience is a virtue". It's times like these when our virtues are sharpened and prepared for the next battle. Stay strong!

We continue to operate under our emergency business operations because our office is located in a building primarily of medical offices. We want to keep our team safe so we can continue to be here for you, our treasured clients. We are all working remotely, and Shannon has the office line forwarded to her phone. To contact us for any reason, first call the office at 636-244-0528, during business hours 8:30a.m. – 5:00p.m. If you have an urgent need, you can reach us on our cell phones.

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Together, we WILL get through this crisis and with us all being patient, we believe we will THRIVE on the other side of it.

Warm personal regards,

Karen Schneider
Financial Advisor / Branch Manager

Amy Jacezko, CFP
Financial Advisor / Office Manager

Shannon Leahy
Client Service Administrator

* S&P and DJIA results derived from reports issued by Raymond James Equity Research.

Opinions expressed in these updates are those of the author and are not necessarily those of Raymond James. All opinions are as of this date and are subject to change without notice. Investing involves risk and investors may incur a profit or a loss. Past performance doesn't guarantee future results.

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Please note, changes in tax laws may occur at any time and could have a substantial impact upon each person's situation. While we are familiar with the tax provisions of the issues presented herein, as Financial Advisors of RJFS, we are not qualified to render advice on tax or legal matters. You should discuss tax or legal matters with the appropriate professional.