

FINANCIAL PERSPECTIVES

TIMELY INSIGHTS EXCLUSIVELY FOR CLIENTS OF RAYMOND JAMES ADVISORS

Smart year-end money moves

There's time left to boost retirement savings, reduce your tax bill and help your community.



2020 has turned our lives upside down. The best thing to do is embrace the mess, economist Tim Harford says.

“It’s absolutely clear that the pandemic is having some powerful, positive consequences alongside the absolute catastrophe,” he told Common Sense Media. “I don’t want to minimize the enormity ... but there are upsides and we must look for them.”

In that spirit, here are seven ways to shore up your year-end financial planning amid the current disarray.

TWEAKING A BUDGET IN FLUX

We’re all spending differently. Travel plans are on hold, and home-cooked meals have increased the grocery bill. More than a third of Americans admit to indulging in retail therapy. Our household incomes are also shifting, with many unemployed and others facing pay and bonus cuts. The key is to focus on what you can control. If you’re driving a lot less, maybe you should delay buying a new car if it’s not essential. If you’ve been doing without a product or service and you don’t miss it, it might be time to direct that money elsewhere – like maxing out your 401(k) if you’re in a good place financially. You can contribute up to \$19,500 in 2020.

REFUELING MID-FLIGHT

Your emergency fund is in place for situations like this. If you’ve had to dip into it for essential expenses, don’t panic. When you’re able to, don’t forget to top up your savings tank, even if it’s just a little at a time. You might also want to consult with your advisor about other sources of backup funding, just in case. For example, the CARES Act has made it easier to withdraw money from a retirement account without a costly penalty if you’ve suffered COVID-19 related hardships. Just keep in mind that the goal is to weather this volatile time in one piece so you can keep your financial plan on track.

OFF-KILTER ALLOCATION FIX

The twists and turns of the market can throw a monkey wrench in your desired mix of stocks, bonds and cash. If your portfolio seems out of whack, talk to your advisor about rebalancing strategies¹ to find one that feels right for your risk tolerance and timeline.

PRAGMATIC PORTFOLIO PRUNING

In your taxable accounts, you may want to consider tax-loss harvesting this year. This is when you sell a losing investment to offset capital gains, either now or in the future. You are allowed to claim up to \$3,000 in investment losses against your income on your

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RAYMOND JAMES

6 tips for safe online shopping

Cybersecurity pros offer ways to keep your cart secure as more scams pop up.

Face masks, hand sanitizer, puppies: High demand for items in scarce supply has driven many U.S. consumers into the arms of online scam artists, the Federal Trade Commission (FTC) reports. In fact, the FTC received more complaints related to online shopping in April and May than in any other months on record – with more than half of those shoppers saying they never received their order. There has also been an explosion in coronavirus-themed phishing emails designed to steal sensitive data. The collective cost of all this online fraud? An estimated \$420 million since 2015, according to the FTC.

Before you click another “buy now” button, read these six tips from cybersecurity professionals on how they approach online shopping.

TIP #1: Be choosy about where you shop. If you're unfamiliar with a seller, search the company or website name along with the words “scam” or “review,” advises Bridget Small, a consumer education specialist with the FTC. Pay careful attention to subtle differences in the website's URL, such as amazon.com. Also make sure you see an “https” or padlock icon in the address bar of your web browser when you're purchasing an item.

SHOPPING SIDEKICKS

These browser add-ons act as your personal shopping assistant.

- ▶ Honey: Automatically finds coupon codes for your cart
- ▶ The Camelizer: Reveals historical pricing data
- ▶ Avast Online Security: Warns you if a page is fake or a security risk

TIP #2: Be stingy with your credit card info. “I never save my payment information. It takes 10 seconds to type it in,” Carl Carpenter, CEO of security firm Arrakis Consulting, told Kiplinger. That's not the case for most of us, who enjoy the convenience. More than 64% of U.S. cardholders say they have saved their payment data in an app or website, a Bankrate.com survey shows. This means a data breach could leave you vulnerable. Instead, you can try using a virtual credit card number that is randomly generated, either through a major card issuer or through a service like Apple Pay or Google Pay. This is like camouflage for your payment data, offering an extra layer of security.

TIP #3: Don't click retailer email links – that includes the “unsubscribe” button. Scammers know you don't want their email, so they often link the unsubscribe button to a website that



CONVERSATION STARTERS Timely to-dos for pursuing a life well planned.

\$1.9 billion The amount of money raised worldwide during Giving Tuesday in 2019, the event's organizers reported, unleashing generosity around the globe. You can get ideas on how to get involved in this year's event, planned for December 1, at givingtuesday.org.

MARK YOUR CALENDAR

Thursday, October 15: Open enrollment for Medicare Parts C and D begins. Make any changes to your coverage by December 7. If fall means open enrollment for your employee benefits, be sure to review and update your coverage.

OFFICE CLOSINGS

The office and New York Stock Exchange will be closed Thursday, November 26, for Thanksgiving and Friday, December 25, for Christmas. You can always check your account online via Client Access.



can download viruses to your computer. It also confirms the email account is active. So instead, mark the message as spam. And if you're interested in a sale advertised via email, type the store's web address into the search bar rather than clicking a link. There are many scams involving fake deals sent via email that are too good to be true. "Absolutely do not click on that email," says Kelvin Coleman of the National Cyber Security Alliance, which has launched a COVID-19 online safety tips page at staysafeonline.org.

TIP #4: Update your computer's operating system before you shop. An even better idea is to turn on auto updates for your devices. Security patches are being pushed out on an ongoing basis to protect you, but if you ignore or delay updates, you're more vulnerable. If your PC is running Windows 7 or another defunct operating system, you're probably better off shopping via a smartphone, according to Precognitive Inc., a fraud detection company. To confirm the operating system is up to date, check your device's settings.

TIP #5: Don't use public Wi-Fi. If you aren't on your home network, it's safer to use cellular data than public Wi-Fi for a task like banking or shopping online. The biggest risk when using public Wi-Fi is that a hacker might position themselves between you and the connection point, collecting your data – a "man in the middle" attack. With modern encryption, the risks are mitigated some,

but experts say to weigh the tradeoffs. "Will I log on to my bank account at Starbucks? No. But will I log on to Twitter? Sure," Chester Wisniewski of cybersecurity firm Sophos told Consumer Reports.

TIP #6: Stay informed. Sites like ftc.gov/coronavirus list shopping scams and other types of online fraud to be aware of to stay safe. You can even subscribe to alerts. It's also a good idea to turn on payment notifications for your credit and debit cards, even for smaller amounts, so you can catch fraud in a timely manner.

NEXT STEPS

- If you're worried about security, install an antivirus program with automatic updates and set up multifactor authentication for any account that contains sensitive data. You can go to turnon2FA.com to find out which sites allow you to enable this feature.
- If you've been hacked and data like your Social Security number was exposed, consider a credit monitoring service. It's also a good idea to change all of your passwords.
- Take advantage of secure file-sharing, such as the Vault feature within Client Access, when sending tax or financial information to your professional advisors, and remember to review your statements for suspicious charges.

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INVESTING WELL

Note that required minimum distributions (RMDs) from retirement accounts are waived for 2020 via the CARES Act. If you need to alter your financial plan due to life events, contact your advisor to get the ball rolling.

LIVING WELL

If you want to share in holiday memories with loved ones from afar, try a virtual watch party where you screen your favorite holiday films or TV shows. Four web browser extensions to try are TwoSeven, Scener, Hulu Watch Party and Netflix Party.

PLANNING WELL

Need more elbow room and want to sell your home? Low mortgage interest rates and remote workers looking for houses in the suburbs might give sellers a boost, according to realtor.com. To get the home ready for sale, agents recommend painting walls, cleaning grout and fixing anything broken.

Smart year-end money moves (cont.)

federal taxes, and anything over that amount you can carry forward to claim in future years.

U-TURN TO ROTH CONVERSION

You might have heard that the SECURE Act changed the rules for inherited IRAs, making them less tax-efficient than in the past. For example, most non-spouse beneficiaries must deplete an inherited IRA within 10 years, leading to potentially significant tax consequences. If this is something that's been bothering you, consider a different tactic that has become more advantageous – converting a traditional IRA into a Roth IRA.

A Roth IRA allows you to pay the taxes on the funds now, with future withdrawals tax-free, meaning less of a tax burden for your inheritors². With historically low federal tax rates, taking on the tax bill now may make sense if you can afford it. Ask your advisor whether this strategy makes sense for your situation.

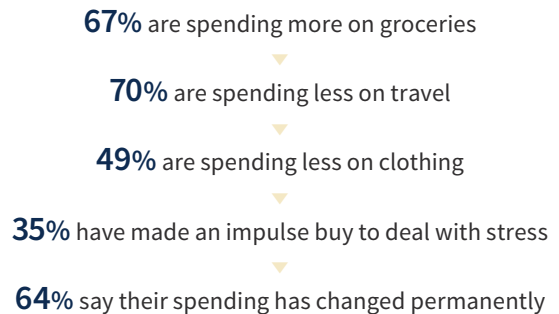
AMEND AN ESTATE PLAN

Even if stretch IRA changes don't affect your estate plan, the pandemic should prompt a review of your documents, especially an advanced directive and healthcare proxy. An advanced directive states your wishes for medical care. You might want one that states your wishes regarding intubation or other life-saving measures for patients diagnosed with COVID-19. Also, COVID-19 patients are often breathless and unable to speak for themselves when they arrive in the ER. Having a healthcare proxy allows input over who is making your medical decisions. You can even amend these documents to allow your proxy to give directions via phone or video conferencing. Only 6% of U.S. adults have an advanced directive for healthcare, a 2020 survey by Caring.com shows. If you're among the ones without, check aarp.org for the appropriate form or talk to an attorney.

PIVOT TO GIVING

Philanthropy can be a crucial lifeline for those in your community impacted by this crisis. Thankfully, the CARES Act contained changes to the rules for charitable income tax deductions to encourage giving. For example, those who itemize can deduct 100% of cash gifts (emphasis on cash) to charities against their 2020 adjusted gross income for when they file in 2021, instead of the usual 60%. Another change makes a \$300 deduction for charitable

FOOD FOR THOUGHT: NEW U.S. SPENDING HABITS



Sources: Self.inc spending habits survey; Statista; TD Ameritrade COVID-19 survey; Credit Karma stress spending survey

gifts available to those who don't itemize. If you're interested in maximizing your giving, talk to your advisor and tax professional about strategies now available to you.

WORKING TOGETHER

This year has certainly tested our ability to think on our feet. The good news is that you're not alone when it comes to navigating the markets and safeguarding your financial well-being. As we head into the end of the year, your advisor can help you find a sense of order amid the uncertainty.

¹The process of rebalancing may result in tax consequences. ²Unless certain criteria are met, Roth IRA owners must be 59½ or older and have held the IRA for five years before tax-free withdrawals are permitted. Additionally, each converted amount is subject to its own five-year holding period.

NEXT STEPS

- Consider maximizing your philanthropy by taking advantage of the CARES Act incentives.
- If your estate plan needs an update, consult with an estate attorney and your advisor, who can help you see how it fits into the big picture of your finances.
- Talk to your advisor about rebalancing your asset allocation, as well as tax-loss harvesting if it might benefit you.

A tradition of giving back

Feeding the hungry, making face masks and collecting school supplies for the community were just a few of the ways associates gave back during Raymond James Cares Month in August. Feeling inspired to help your community? Check sites like allforgood.org and volunteermatch.org for virtual volunteering ideas.

