
THE R.A. READ

The Monthly Newsletter of Renaissance Advisory Group



2020  2021
LOADING...

Coming Soon: 2021

It's hard to believe it's already the last month of 2020. Let's recap...

The Dow Jones Industrial Average eclipsed 30,000 for the first time ever. It has been an impressive rally from March's low, when the economy was locked down, unemployment was soaring, and the economy was contracting at its fastest rate in history.

A bitter election is over. We have a new President. Talk of civil strife pre-election didn't materialize. We have a degree of certainty where uncertainty once existed. In addition, the announcement of at least two vaccines for Covid-19 received a very warm welcome from investors.

No one knows when we might hit 40,000, but a 33% advance is what's needed to push the Dow to the next milestone. In a broader context, what does this tell us? Stocks have a long-term upward bias, which is a piece of the well-diversified plan we recommend for you.

History repeats itself

Of course, markets don't climb in a straight line. Volatility is inevitable. That goes without saying. March's decline was short, but violent. However, as we've repeatedly witnessed, market corrections and bear markets eventually come to an end, and major market indexes climb to new highs.

Though we may see more volatility, the straightest line to your financial goals hasn't changed. The financial plan is still your roadmap forward.

Looking to Year-end

4 Smart Planning Moves to Consider

1. Review your income or portfolio strategy. Are you reaching a milestone in your life such as retirement or a change in your personal circumstances? Has your tolerance for taking risk changed? We experienced historic volatility this year. The broad-based S&P 500 Index lost over 30% in one month. The sell-off was steep and violent but short-lived. As November came to close, the major market indexes had recaptured prior highs. It's a testament to adhering to the long-term financial plan. Did you take volatility in stride, or feel any uneasiness? If you experienced sleepless nights or sought the safety of cash, now may be the time to re-evaluate risk and your approach. One of my goals has always been to remove the emotional component from the investment plan.



2. Take stock of changes in your life and review insurance and beneficiaries. Let's be sure you are adequately covered. At the same time, it's a good idea to update beneficiaries if the need has arisen.

3. Contribute to a Roth IRA or traditional IRA. A Roth gives you the potential to earn tax-free growth (not just deferred tax-free growth) and allows for federal tax-free withdrawals if certain requirements are met. You may also be eligible to contribute to a traditional IRA. Contributions may be fully or partially deductible, depending on your income and circumstances.

4. Charitable giving. Whether it is cash, stocks or bonds, you can donate to your favorite charity by December 31, potentially offsetting any income. Did you know that you may qualify for what's called a **"qualified charitable distribution (QCD)"** if you are over 70½ years old? A QCD is an otherwise taxable distribution from an IRA or Inherited IRA that is paid directly from the IRA to a qualified charity [Fidelity: "Donating to a charity using a qualified charitable distribution (QCD)"]. A QCD may be counted toward your RMD, up to \$100,000. If you file jointly, you and your spouse can make a \$100,000 QCD from your own IRAs. This becomes even more valuable in light of tax reform as the higher standard deduction may preclude you from itemizing. You might also consider a donor-advised fund. Once the donation is made, you can generally realize immediate tax benefits, but it is up to the donor when the distribution to a qualified charity may be made.

**Renaissance Advisory wishes you
a safe and enjoyable holiday
season!**

Our year-end checklist has proved to be very popular, and we are running it again with updates and modifications. Keeping reading!



**YOUR 2020
LAST-CHANCE
FINANCIAL PLANNING
CHECKLIST**

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SHAPE UP YOUR PERSONAL FINANCES FOR A GREAT YEAR-END!

Fall is an ideal time to examine your financial health and update your financial plans. Here is a list of important things to review that might make a difference in your year-end review and plans for next year. Check all that apply. If you have any questions or concerns, I will be happy to go over these items with you and discuss possible scenarios for 2020 and 2021. **Call to schedule a review.**

Check the box next to any key item that impacts your situation or needs more research or discussion.

1 TAXES

- Project income for 2020 & 2021.
- Project 2020 net investment income.
- Review tax plan in light of The Tax Cuts and Jobs Act.
- Review realized and unrealized gains and losses.
- Collect cost-basis information on sold securities.
- Review sales of appreciated property like real estate.
- Check loss carry-forwards from last year
- Review potential deductions & credits for 2020.
- Track donations to charity.
- Review any gifting plans.

2 RETIREMENT

- Max out 401(k) contributions including catch-ups.
- Max out IRA contributions including catch-ups.
- Analyze Roth IRA conversion scenarios.
- Take required minimum distributions*.
- Open a retirement plan if newly self-employed.
- Check status of all retirement accounts.
- Consider Social Security claiming options.

*Per the CARES Act, RMDs are suspended for 2020.

3 INVESTMENTS

- Confirm investment goals and strategy.
- Review asset allocation for rebalancing opportunities.
- Review fundamentals of portfolio positions.
- Revisit income and savings needs.
- Re-examine asset location.
- Review outstanding loans and mortgages.
- Review dividend distributions.
- Review employee stock options.

4 INSURANCE

- Review property and casualty policies.
- Review costs of current insurance policies.
- Review health insurance coverage.
- Identify material changes in life, business, or financial circumstances that may require insurance adjustments.

5 MILESTONES

- 50: Now you can make catch-up contributions to IRAs and some qualified retirement plans.
- 55: You can take distributions from 401(k) plans without penalty if retired.
- 59½: You can take distributions from IRAs without penalty.
- 62-70: You can apply for Social Security benefits.
- 65: You can apply for Medicare.
- 72: You must begin taking RMDs from IRAs*.

6 HEALTH

- Review employer's health insurance plan.
- Shop state health insurance exchange.
- Review Health Savings Account contributions for 2020.
- Spend any remaining balances in Flexible Spending Accounts.
- Review Medicare enrollment options.

