

ON WEALTH

SUMMER 2020 MAGAZINE



ASPIRE
WEALTH BUILDERS

NAVIGATING THE CARES ACT

Choices Available to You



SCAN TO VISIT OUR WEBSITE!

RETIRING DURING VOLATILE TIMES

Considering that almost half of all Americans view running out of money in retirement as their primary concern, retiring during periods of volatility may be worrisome for many.

FROM THE FARM TO YOUR TABLE

This summer, why not skip the grocery stores and get fresh, local produce right from the farm? That's the beauty of Community Supported Agriculture.

WORKING FROM HOME 101

The COVID-19 pandemic has made remote work more common than ever. Whether you're new to telecommuting or just want a refresher, here's how to do it correctly.

WELCOME

DEAR VALUED READER,

Distancing continues to impact the way we live and work, we look forward to the day when we can get together in person over barbecue and a cold glass of lemonade.

Although we might not be able to be with you in person, we hope that these articles brighten your day as much as the summer sunshine.

In this issue, we discuss “How to Retire During Volatile Times.” Whether you’re preparing to retire soon or already retired, this article contains tips and tricks that you can use to help weather the ups and downs of the financial markets.

While you’ve likely heard about the CARES Act, do you know what it means for you and your family? In “Navigating the CARES Act,” we’ll explore the ins and outs of this far-reaching piece of legislation.

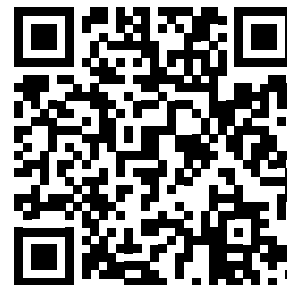
Since you may be working from home this summer, in “Working from Home 101,” we’ll cover some ways that you can stay connected. Looking for how to get more involved with your community? Our article on Community Sponsored Agriculture (CSA) explores a great way to get fresh, in-season produce right from the source.

We’d like to thank you for the honor of trusting us with your financial future. We’re here to support you through these uncertain times, so please feel free to reach out to us for any reason whenever you need financial guidance.

WARM REGARDS,

John Hoefl
John Hoefl, CRPC®
Financial Advisor

Lara Candice Wilkerson Durham
Lara Candice Wilkerson Durham
Financial Advisor



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MEET THE TEAM



John Hoefl CRPC® - Financial Advisor

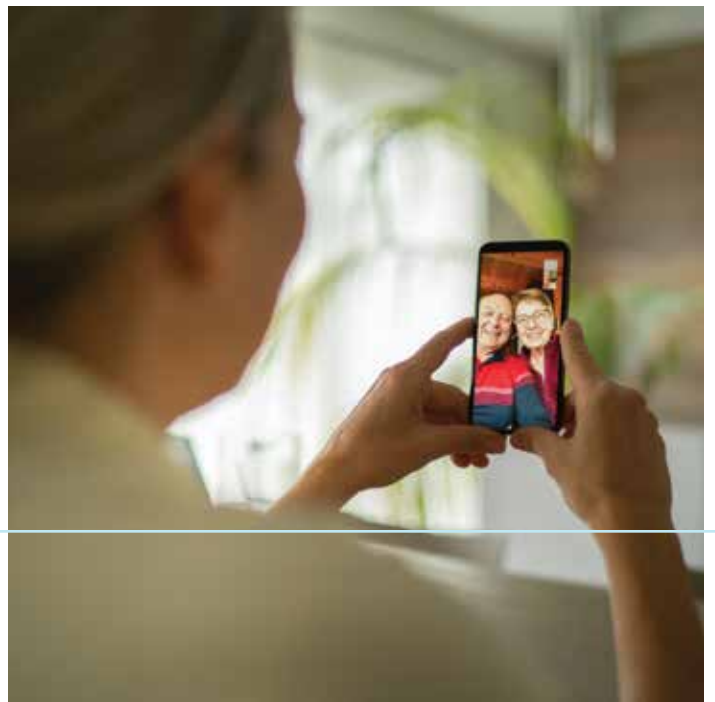
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how to play SUDOKU

Sudoku, or “single number,” is a logic-based, number-placement puzzle. The objective is to fill a 9x9 grid with digits, so that each column, row, and 3x3 sub-grid, which compose the whole grid in its entirety, contain all the digits from 1 to 9, only once.



NAVIGATING

The CARES Act

CHOICES AVAILABLE TO YOU

EXTRAORDINARY TIMES, EXTRAORDINARY MEASURES

The novel coronavirus (COVID-19) has overturned lives around the world. In the United States, nearly every person has been impacted in some way: from medical professionals on the front lines to grocery workers keeping the supply chains open to the millions of Americans adjusting to working remotely (or not working at all).

One way the government has responded to this crisis is by passing the Coronavirus Aid, Relief, and Economic Security Act, more widely known as the CARES Act. This act provides a series of stimulus and relief measures to individuals and businesses facing the strain of a volatile economy.

Let's take a closer look at how the CARES Act can help you or someone you care about.

IMPACT ON SMALL BUSINESSES

If you're running a business, it's possible that you've been forced (either legally or for practical reasons) to shut your business down. Social-distancing guidelines have widely affected restaurants, shops, and other walk-in businesses.

Naturally, you might have some recourse. Online sales may mean that some revenue is coming in. For eateries, groceries, and other food venues, you might have to utilize delivery services and pickups. These alternatives make a difference for you and your customers, but it doesn't change the fact that you are no longer running your business in the manner that was intended.

The CARES Act provides a number of options for businesses. The Small Business Administration's standard small business loan, called a 7(a) Program, is available for purchasing land and acquiring inventory. On a smaller scale, the Express Loan

Program may be able to provide a business up to \$350,000. Further capital options include microloans for working capital, supplies, and equipment financed by nonprofits focusing on underserved markets.¹

THE STIMULUS CHECK

You've likely heard of the stimulus checks that the IRS began distributing in April. If you filed income taxes for 2018 or 2019 and made less than \$75,000 annually, you could be eligible. Married couples who filed jointly may get a \$2,400 check if they earned less than \$150,000. If you earned more, you will likely get a check of a lower amount. You won't get a stimulus check if your income was over \$99,000 (for single filers; \$198,000 for married filers).²

While you may be out of range for the financial stimulus, your loved ones may still be eligible. These checks are intended to create some financial leeway for people who might have had their working hours cut or were even laid off due to COVID-19.

If you (or a family member) were expecting a payment and didn't get one (either via direct deposit or a mailed check), you might want to visit the Stimulus Check Portal on the Internal Revenue Service's website. From there, you can look for more information on when you might receive your payment.³

IMPACT ON YOUR RETIREMENT

If your retirement strategy has been dealt a setback by the recent economic downturn, you are not alone. Thankfully, the CARES Act has offered some relief for people working toward retirement as well as those enjoying their golden years.

Before going into these provisions, it's important to remember that it's difficult to predict the shape of the economic recovery. Volatility may continue for some time, so you may be better off keeping things as they are for the moment.



REQUIRED MINIMUM DISTRIBUTIONS

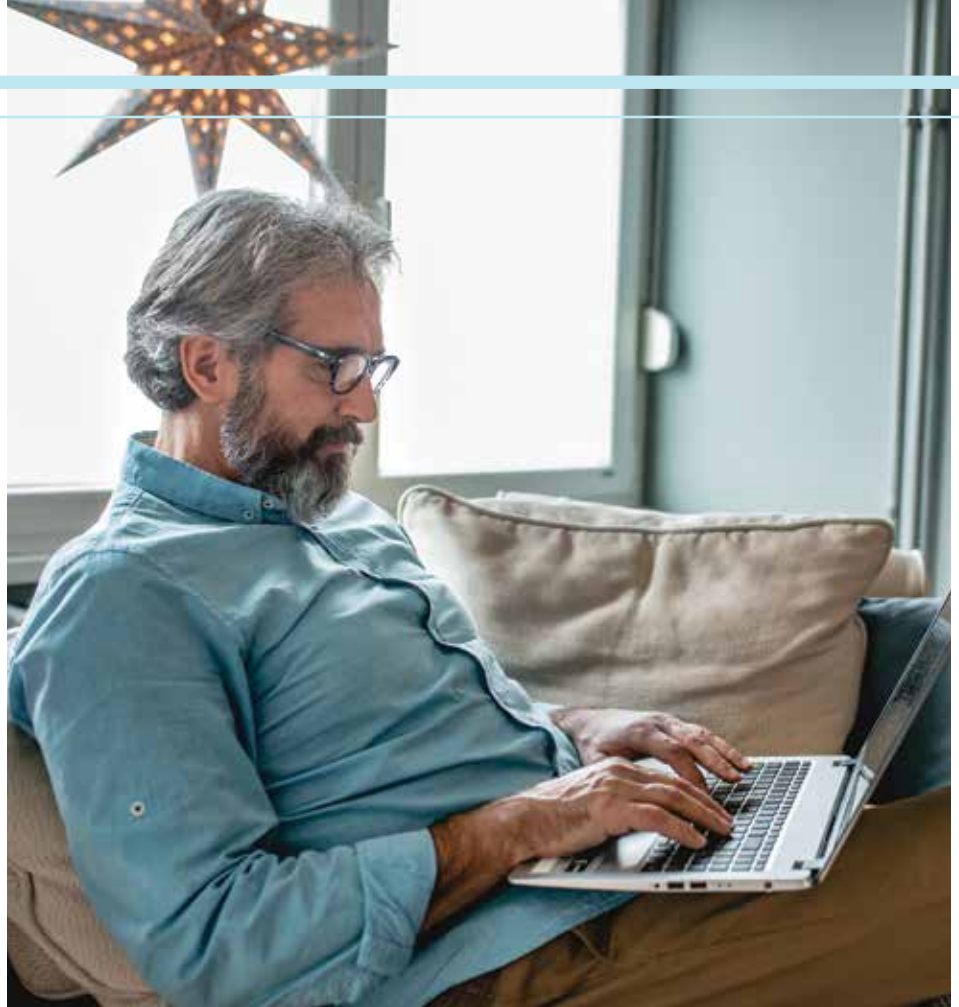
If you or your spouse have inherited an Individual Retirement Account or 401(k), you're probably aware of your obligation to take regular distributions. These required distributions have been suspended for 2020. Important side note: while required distributions don't apply to people with Roth IRAs, they do apply to investors who inherit Roth accounts (though, not for 2020).⁴

Required minimum distributions have also been suspended for your own IRA or 401(k) if you are of the age when they are necessary. For 2020, that money can stay in your account. In 2009, Congress passed a similar rule, which gave retirees some flexibility when considering distributions.⁴

Not all the provisions deal with leaving your money in place. In 2020, account owners can also take a distribution of up to \$100,000 from their retirement plans or IRAs. Such a distribution wouldn't incur the 10% early withdrawal penalty, which would normally apply to money taken out before age 59½. You would still owe the tax on the withdrawal, however, so keep that in mind.⁴

QUESTIONS TO PONDER

In the end, you may be asking yourself whether you are better off leaving your money alone or taking distributions



now and moving it elsewhere. If you're a business owner, would it be better to take money from your retirement plan or apply for one of the government programs available, like the Paycheck Protection Program? These are not simple questions to answer. Please reach out, and let's have a conversation about the choices accessible to you.

We are in the middle of a confusing, troubling time. These days will challenge us in ways that will show what we're made of, demonstrating our strength and resourcefulness.

The CARES Act may prove to be the first of such programs that bring comfort to families and stimulate the economy, enabling us to begin the work of rebuilding and forge new paths in a changed world.

1. SBA.gov, 2020
2. FOX Business, 2020
3. IRS.gov, 2020
4. The Wall Street Journal, 2020

RISKS, OPPORTUNITIES, AND QUESTIONS TO CONSIDER

RETIRING

During Volatile Times

Whether you anticipate filling your post-work life with family and friends or traveling the world in search of your next adventure, preparing for retirement should be an exciting, joyful endeavor. But what if your retirement dreams come to fruition as the markets take a turn for the worse? Considering that almost half of all Americans view running out of money in retirement as a prime concern, retiring during periods of volatility may be a worry for many.¹

It's a simple fact that no one can predict how stock markets will behave. When markets become volatile, they can have a significant impact on even the most seasoned investor's outlook. Fortunately, with some knowledge and the help of a financial professional, you may be able to weather the storm and continue to pursue your retirement goals.

A Potentially Risky Sequence

During periods of relative stability, the order in which you take your returns may seem like a minor factor. But understanding your "sequence risk" may be helpful during periods of volatility. Sequence risk, which is also called "sequence of returns risk," is your potential for lower or negative returns when making withdrawals from an investment portfolio during a down year. This is one of the many concepts your financial professional can illustrate on your behalf. But how does it work, exactly?²

It's All About Timing

No matter how robust your portfolio, once you start withdrawing income from your investments, the change in the order of your returns has an impact.

Let's say that 20 years ago, you invested \$2,000,000 and experienced a hypothetical 12% loss in the first year. Over the next 19 years, your portfolio had natural ups and downs outside that initial 12% loss. But because of that early dip, your overall value is significantly less. Now, imagine: the same scenario, but you experience a hypothetical 12% gain in the first year. With all other

factors being the same, your overall investment is much healthier by the end of that same 20-year period. True, a small loss may not seem like a big deal, but once you transition into retirement, the sequence of returns will have an effect.

This is where the "risk" portion of the sequence of returns risk comes in. Ultimately, it's best to work closely with a financial professional who can guide you through different scenarios, showing how various returns affect portfolio balances over time. They can also suggest some ways to guide your retirement, while keeping your sequence of returns risk in mind.

The \$800,000 Difference

CREATE A STRATEGY THAT CONSIDERS SEQUENCE OF RETURNS RISK

This table shows two different hypothetical retirement portfolios. Portfolio A showed a loss of 12% in the first year. Portfolio B did just the opposite. It posted a 12% gain in the first year. Both portfolios generated an income of \$60,000 by the end of the first year, and the amount increased at a 3% rate in each subsequent year. For the next 19 years, both portfolios had the exact same performance. As the table shows, Portfolio B's ending balance is over \$800,000 higher than Portfolio A's. Creating a strategy that prepares for sequence of returns risk may help your portfolio adjust to various market conditions.

This example is used for illustrative purposes only and does not represent any specific investment or combination of investments. The return and principal value of investments will fluctuate as market conditions change. Investments, when sold, may be worth more or less than their original cost.

PORTFOLIO A				PORTFOLIO B			
YEAR 1		\$2,000,000	Withdrawal (+3% yr)		\$2,000,000	Withdrawal (+3% yr)	
	-12%	\$1,700,000	\$60,000		12%	\$2,180,000	\$60,000
	10%	\$1,808,200	\$61,800		10%	\$2,336,200	\$61,800
	6%	\$1,853,038	\$63,654		6%	\$2,412,718	\$63,654
	-10%	\$1,602,171	\$65,564		-10%	\$2,105,883	\$65,564
	-12%	\$1,342,380	\$67,531		-12%	\$1,785,646	\$67,531
	8%	\$1,380,214	\$69,556		8%	\$1,858,941	\$69,556
	6%	\$1,391,383	\$71,643		6%	\$1,898,835	\$71,643
	-10%	\$1,178,452	\$73,792		-10%	\$1,635,159	\$73,792
	12%	\$1,243,861	\$76,006		12%	\$1,755,372	\$76,006
	-11%	\$1,028,749	\$78,286		-11%	\$1,483,994	\$78,286
	12%	\$1,071,564	\$80,635		12%	\$1,581,439	\$80,635
	10%	\$1,095,667	\$83,054		10%	\$1,656,529	\$83,054
	-6%	\$944,381	\$85,546		-6%	\$1,471,591	\$85,546
	9%	\$941,263	\$88,112		9%	\$1,515,922	\$88,112
	12%	\$963,460	\$90,755		12%	\$1,607,078	\$90,755
	8%	\$947,058	\$93,478		8%	\$1,642,166	\$93,478
	6%	\$907,600	\$96,282		6%	\$1,644,413	\$96,282
	-2%	\$790,277	\$99,171		-2%	\$1,512,354	\$99,171
	5%	\$727,645	\$102,146		5%	\$1,485,826	\$102,146
YEAR 20	6%	\$666,093	\$105,210		6%	\$1,469,765	\$105,210

\$666,093

\$1,469,765

Fine-Tune Your Withdrawal Rate

In the 1990s, a guideline for retirement distribution, called the Four Percent Rule, became popular, and it's sometimes still used today. Analyzing the historical returns of portfolios that featured an approximate balance of 50% stocks and 50% bonds, the original study determined that retirees could withdraw 4% each year over thirty years without running out of money.^{3,4,5}

However, many effective strategies forgo the Four Percent Rule and instead focus on a more conservative withdrawal rate based on historical and projected returns. It's important to remember that past performance does not guarantee future performance. If you find yourself in an environment with low interest rates, you and your financial professional may decide that your 4% withdrawal may need to be adjusted. For some, it may make sense to take a more conservative withdrawal rate of 3% or even 2.5%.⁶

Build a Ladder

Bond laddering is a buying strategy that can be used to generate cash flow for investors who prefer to own individual bonds. Say an investor purchases three separate \$100,000 bonds that mature in 1, 2, and 3 years, respectively. They then, in turn, hypothetically pay 1%, 1.5%, and 2% interest rates, accordingly.⁷

When the one-year bond “comes due,” proceeds are invested in another hypothetical 2% bond with a three-year maturity. At the end of the second year, when the second bond comes due, proceeds are invested in another hypothetical 2% bond with a three-year maturity. This strategy can help manage interest rate fluctuations. If interest rates rise, the strategy may help you take advantage of higher rates. If interest rates fall, the investor would already own bonds that have higher interest rates. After speaking with your financial professional, securing a “bond ladder” may help your retirement strategy remain viable, even in the face of volatility.^{8,9}

1%
ONE-YEAR
BOND

1.5%
TWO-YEAR
BOND

2%
THREE-YEAR
BOND



Cash Bucketing

Popularized during the 1980s and 1990s, bucketing your cash is another way to manage the risk inherent in your order of withdrawals. Funnily enough, this approach sounds exactly like what it is. If you've ever taken your assets and separated them into different categories, or "buckets," for a given

time period, then you've already used this strategy.

A good place to start is by naming your buckets. So, Bucket A could be for basic living expenses; Bucket B, for discretionary spending. Bucket C, we reserve for legacy assets. Next, you'll want to assign the appropriate expenses to each bucket, so you can be better prepared for a comfortable

retirement. Finally, it's time to pair the appropriate investments with each of your buckets. For example, Social Security might be assigned to the Basic Living Expenses bucket. The Discretionary Spending bucket may be paired with investments that also offer the potential for growth. In the Legacy Bucket, you might want to include the assets that you expect to pass on to your heirs.

BASIC LIVING EXPENSES:

This bucket is for rent, utilities, groceries, and other basics.

DISCRETIONARY SPENDING:

This bucket is for vacations, dining out, date nights, and more.

LEGACY ASSETS:

The final bucket, we reserve for heirs, estate concerns, and charities.

The power of this approach is in the control and personalization. So, don't be afraid to branch out and make some buckets of your own. Your options are numerous.¹⁰

Professional Partnerships

Even in the wildest of markets, there are many ways to help manage your portfolio and retirement strategy. If you're a seasoned investor, you may be tempted to try a "do-it-yourself" approach to managing your sequence of returns risk, bond laddering, or cash bucketing.

But the seeming simplicity of these strategies belies how complex they may be in practice, particularly when layered against other elements of your financial strategy. So, next time you're thinking about your retirement and how to work around volatility, reach out to your financial professional. A conversation today could save you a lot of time and trouble tomorrow.

1. AARP.com, 2019

2. Investopedia.com, 2020

3. This is a hypothetical example used for illustrative purposes only. It is not representative of any specific investment or combination of investments.

4. The study reviewed portfolios for every 30-year span, going back to 1926-1955.

5. Past performance does not guarantee future results. The portfolios in the study were comprised of large-capitalization stocks and intermediate-term U.S. Treasury bonds. The return and principal value of stock prices will fluctuate as market conditions change. And shares, when sold, may be worth more or less than their original cost. U.S. Treasury bonds are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury bond prior to maturity, it could be worth more or less than the original price paid.

6. Forbes, 2019

7. This is a hypothetical example used for illustrative purposes only. It is not representative of any specific investment or combination of investments. Past performance does not guarantee future results. Actual results will vary. Diversification is an approach to help manage risk. It does not eliminate the risk of loss if security prices decline.

8. The market value of a bond will fluctuate with changes in interest rates. As rates rise, the value of existing bonds typically falls. If an investor sells a bond before maturity, it may be worth more or less than the initial purchase price. By holding a bond to maturity, an investor will receive the interest payments due, plus their original principal, barring default by the issuer. None of the fees and expenses associated with investing are included in this example.

9. The bond laddering strategy has been simplified to illustrate the concept. An actual bond laddering strategy may be more complex and involve additional fees and expenses.

10. Morningstar.com, 2019

From the Farm to **YOUR TABLE**

CONNECTING WITH COMMUNITY SUPPORTED AGRICULTURE

Summer is here, and it's time to enjoy all the foods that come with it. From the juicy sweetness of peaches to the delicious crunch of late summer corn, there is nothing better than enjoying the bounty of in-season produce. At this time of year, why not skip the grocery stores and get fresh, local produce right from the farm? That's the beauty and ingenuity of Community Supported Agriculture programs.



FRESH FROM THE SOURCE

Community Supported Agriculture programs, or CSAs, are a way to support local farms, while getting fruits and vegetables directly from the source. When you buy produce from farms in your community, you help support the local agricultural economy and highlight the important work of farms throughout the country. You'll also get access to the freshest produce around.¹

Community Supported Agriculture is as much a business strategy for farmers as it is a philosophy. When CSAs first started, a member would buy a share in advance of the growing season, much like buying a share of stock in a company. However, instead of a financial return, the member's return on investment would come in the form of fruits and vegetables, harvested directly from the farm. Depending on a member's level of investment, they might get a box of produce once a week or every two weeks.¹

A CSA provides many benefits to both the farm and the community. Participating in CSAs provides farms with additional capital in advance of a growing season. Sometimes, these investments are enough to sustain a farm through seasons of droughts, pests, and other predicaments that may cause a crop to fail. Investing in CSAs may also allow farmers to better manage the inherent financial risks they face when expanding the variety of crops they'd like to grow. At their core, farms are small businesses and integral parts of every community.¹

FLOURISHING WITH BENEFITS

With your produce coming from a CSA every week, your grocery shopping becomes more streamlined. Farms often have multiple pick-up locations for your convenience. Larger CSA programs may even offer the option to deliver directly to your door. Many farms now allow you to order your CSA share online, and some let you choose between a few different fruit and vegetable options (or even opt-out of specific crops altogether).

In addition to being able to order online, several CSAs also include delicious, healthy recipes, incorporating the produce in that week's share. Best of all? If you've ever been curious about how a farm works, many CSA programs welcome members to tour or volunteer on the farm itself.²

The average CSA has a growing season from May or June through September, in which members pay an upfront cost of \$300 to \$600, on average, before that upcoming growing season begins. While that may seem like a lot upfront, it breaks down to a weekly average cost of \$17 to \$34—not bad for eating well, while also supporting your local economy.²

If all this sounds refreshing to you, consider joining a CSA in your area this summer. It's a tasty way to do something good for yourself and your community too.

1. USDA.com, 2019
2. USNews.com, 2020



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WORKING FROM HOME 101

The COVID-19 pandemic has allowed many Americans to learn what it's like to work remotely. Whether you're an old hand at telecommuting or know next to nothing about it, working from home is not a new concept. In fact, Americans have been combining work and home in interesting ways since the Industrial Revolution.



The “Home Office” Revolution

When you think about working from home, you may imagine an office in a spare bedroom, complete with a roomy desk and a computer perched on top. But the first people to pioneer working from home were actually shopkeepers, teachers, and doctors, many of whom lived directly above their place of employment. This trend continued until the mid-1980s when IBM began to install “home terminals”

for its employees. Eventually, the invention of smaller computers gave rise to the more modern version of telecommuting we know today.^{1,2}

Enjoy the Perks

Depending on your lifestyle, the benefits of working from home can be numerous. Spending less time commuting can cut down on your stress and travel costs. Many people also find that they can take breaks more easily while working from home,

leading to increased productivity, lower burn-out risk, and a better work-life balance.³

But that doesn't mean going remote is as easy as simply doing your normal work from home. Combining your professional and personal lives in the same space can be uniquely challenging. Luckily, with some planning, discipline, and experimentation, you can make working from home a productive and rewarding experience.



Get Tech-ie With It

It may seem basic, but taking stock of your technology, to be sure you have what you need, is one of the smartest investments you can make. It can be easy to forget smaller items, like your laptop charger or mouse, especially if you're used to keeping those things at the office. Don't limit yourself to the "hardware," though. It's important that you know the software you'll be using and how strong your connection to the Internet is from home; definitely beef up your Wi-Fi if possible.⁴

Don't Forget About the Kids

If you have little ones who are also at home, you'll need to prepare on their behalf as well. Younger children may need additional sources of entertainment (or supervision), while you're keeping your nose to the grindstone. Stocking up on books, toys, and even streaming content to watch may help keep them occupied, so that you can stay focused.⁵

Be Kind to Yourself

Perhaps the most important tip to remember: be kind to yourself as you

adjust to your new routine.

New pressures and household responsibilities may collide in unexpected ways, especially if you're new to working from home. Now is the time to remain flexible, adaptable, and practice self-compassion. You may find your usual habits at the office are unsustainable at home; that's okay. Take it slow, be patient with yourself and others, and find new strategies that work for you.⁶

Embrace the Adventure

There are lots of resources available to you. A quick Internet search will unearth a treasure trove of telecommuting tips and tricks.

It may be a great opportunity for experimentation, so pick an approach and see if it works for you. Change is challenging, but it brings opportunities for growth too. Embrace the adventure you find yourself in and remember to enjoy all the perks along the way.

1. Fast Company, 2020

2. Fast Company, 2020

3. Indeed.com, 2020

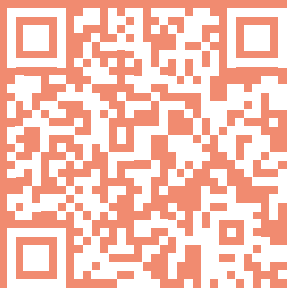
4. TheVerge.com, 2020

5. CNN.com, 2020

6. NPR.org, 2020

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