

The Compass

May 2021



Where do we go from here? Looking back over the last year or so has been one of the most interesting in recent times. The economy closed and then reopened. Lives were put on hold and now we are all getting back to some sense of normal. We all know what happened yesterday, but what is in store tomorrow is yet to be determined.

The bulk of the economic news has been positive. Companies are hiring, CEOs are the most optimistic that they have been in the last 2 decades, manufacturing remains robust despite the bottleneck issues, and the consumer continues to spend without significant increase to their debt levels. While most had expected economic spending to continue to increase, no one saw the impact that COVID-19 was going to have on all aspects of retail shopping. This has been a huge negative for brick-and-mortar locations, while being a benefit for consumers and those who have adapted. There was a 39% increase in e-commerce shopping year over year for the period ending March 2021. Adobe expects that e-commerce spending will top \$1 TRILLION in 2022. The stock market continues to digest all of this good news, as markets make new highs on a daily basis. The bond market has taken a breather recently as the 10-year US Treasury yields 1.63%, which is up over 100 bps from the most recent low. Inflation continues to be the bigger threat to bond prices than credit risk.

As the markets continue to make new highs, has it moved too far too fast? The stock market does not go straight up, and there is always a chance for a pullback or correction. According to Yardeni Research there have been 38 declines of at least 10% in the S&P 500 stock index since 1950. That equates to a correction of once every 1.87 years.

The focus of the economy and investors will be the continued reopening and how that growth affects inflation, and then how does increased inflation affect long-term costs and interest rates or are they transitory as the Fed believes.

Always vigilant, our commitment to you is to navigate your portfolio through both calm and turbulent times in an effort to meet your goals and objectives.

Our commitment is to be available and accessible to those who rely on us.

Thank you for your continued confidence and support.

Brian Skarbek and the Investment Team

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NOT FDIC INSURED | NOT GUARANTEED | MAY LOSE VALUE

Your Annual Estate Planning Health Check-Up List

By Anita Calabro

Financial wellness is essential for you and your family's overall health and wellbeing. Everyone's prescription for a healthy financial condition is different. It all starts with a checkup to identify where you may be most at risk from a financial standpoint.

As with every New Year we reflect on what happened in the past and make adjustments as needed; some of them may be to your investments, others may be to address changes in your estate plan. Some practical considerations that you may think of are:

Death or Incapacity

- Who would serve in my stead in the event of incapacity or death?
- Who would make my health and financial care decisions if I were unable to do so, and are those agents assigned to care for my financial or health care protection willing and able to step in today?
- Special needs planning for a child, spouse or other family member: Who would I trust to help with my family's needs?

Divorced / Remarried

- What are my current estate plans for a new spouse and/or children?
- Have I planned for children from another marriage?
- Do I plan to financially care for stepchildren?

Inheritance

- Do I need to plan for an inheritance event personally?
- Do I need to plan for an inheritance for a spouse or a family member from my estate?

Retirement

- Have I reviewed my pension, IRA and stock option plans?
- Am I up-to-date about any taxable consequence as it relates to my retirement planning?

Charitable Planning Now and Beyond

- Tax strategy planning as it relates to charitable gifts.
- Do I know exactly where my charitable gifts will go?

Tax Planning

- How can I reduce a taxable consequence to my overall estate plan?
- Have I leveraged my gifting options?
- Do I know who my pay-on-death beneficiaries are?

Asset Titling

- Have I "funded my trust?"
- Is my real estate correctly titled for all of my real property?

Business Succession Planning

- What is the tax status of my business?
- Does my estate plan complement my business succession plan?
- What happens to my business in the event of incapacity or death?

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