

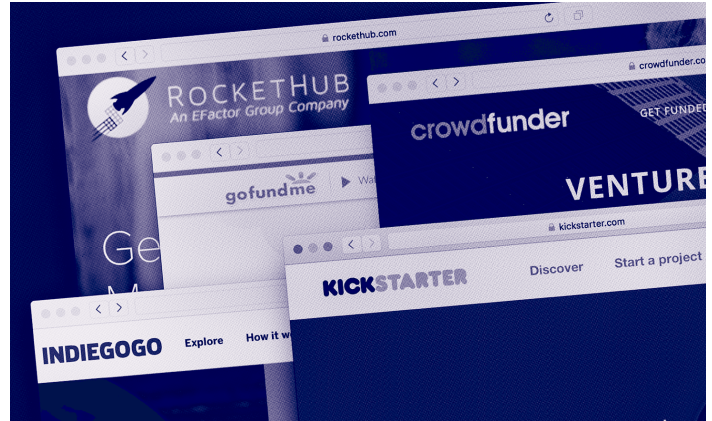
Tax Consequences of Crowdfunding

With the onset of the coronavirus pandemic, crowdfunding websites such as Kickstarter, Indiegogo and GoFundMe have become an increasingly popular way for small business owners to stay afloat. The upside is that it's often possible to raise the cash you need; the downside is that the IRS may consider that money taxable income.

Crowdfunding is the practice of funding a project by gathering online contributions from a large group of backers. It can be used to fund projects, events, and products, and in some cases, has become an alternative to venture capital.

There are three types of crowdfunding: donation-based, reward-based, and equity-based. Donation-based crowdfunding is when people donate to a cause, project, or event. GoFundMe is the most well-known example of donation-based crowdfunding with pages typically set up by a friend or family member to help the beneficiary pay for medical expenses, tuition, or natural disaster recovery. Reward-based crowdfunding involves an exchange of goods and services for a monetary donation, whereas, in equity-based crowdfunding, donors receive equity for their contribution.

As the agent, or person who set up the crowdfunding account, the money goes directly to you; however, you may or may not be the beneficiary of the funds. If you are both the agent and the beneficiary, you may be responsible for reporting this income. If you are acting as "the agent" only, the funds may be taxable to the beneficiary. Just make sure when you are setting up a crowdfunding account to designate whether you are setting up the campaign for yourself or someone else.



If you use social media, you have probably been asked to help out a friend or family member in crisis by donating to a GoFundMe account. In general, all income received, regardless of the source, is considered taxable income in the eyes of the IRS. However, if the money was donated or pledged without receiving something in return it is usually considered a "gift" and therefore no taxes are due.

Sites like Kickstarter offer reward-based crowdfunding. Say you develop a prototype for a product that looks promising. You run a Kickstarter campaign to raise additional funding, setting a goal of \$15,000, and offer a small gift in the form of a t-shirt, cup with a logo, or a bumper sticker to your donors. Any money raised is considered taxable income and should be reported as such on your tax return even though you may not receive a Form 1099-K from a third party payment processor. Because you include a gift or reward, there could also be a sales tax liability.

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Crowdfunding

• *continued from page 1*

Generally, crowdfunding revenues are included in income as long as they are not:

- Loans that must be repaid
- Capital contributed to an entity in exchange for an equity interest in the entity
- Gifts made out of detached generosity and without any “quid pro quo.”
- Income offset by business expenses

if your business is a startup you may qualify for additional tax benefits such as deducting startup costs or applying part or all of the research and development credit against payroll tax liability instead of income tax liability.

Typically, companies that issue third-party payment transactions such as Amazon if you use Kickstarter, PayPal if you use Indiegogo, or WePay if you use GoFundMe) are required to report payments that exceed a threshold amount of \$20,000 and 200 transactions to the IRS using Form 1099-K, Payment Card and Third Party Network Transactions. The minimum reporting thresholds of greater than \$20,000 and more than 200 transactions apply only to payments settled through a third-party network; there is no threshold for payment card transactions.

Form 1099-K includes the gross amount of all reportable payment transactions and is sent to the taxpayer by January 31 if payments were received in the prior calendar year. Include the amount found on your Form 1099-K when figuring your income on your tax return, generally, Schedule C, Profit or Loss from Business for most small business owners.

Tax law can be confusing when it comes to crowdfunding donations. Some third-party payment processors may deem these donations as gifts and do not issue a 1099-K. This is why it is important to keep good records of transactions relating to your crowdfunding campaign including a screenshot of the crowdfunding campaign (it could be several years before the IRS “catches up”) and documentation of any money transfers.

Your Rights as a Taxpayer

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. Explore your rights and our obligations to protect them.



The Right to Be Informed. You are entitled to clear explanations of the laws and IRS procedures in all tax forms, instructions, publications, notices, and correspondence. You have the right to be informed of IRS decisions about their tax accounts and to receive clear explanations of the outcomes.



The Right to Quality Service. Taxpayers have the right to receive prompt, courteous, and professional assistance in their dealings with the IRS and to speak to a supervisor about inadequate service.



The Right to Pay No More than the Correct Amount of Tax and to have all payments applied promptly and correctly.



The Right to Challenge the IRS’s Position and Be Heard. You have the right to raise objections and provide additional documentation in response to formal IRS actions or proposed actions.



The Right to Appeal an IRS Decision in an Independent Forum and taxpayers generally have the right to take their cases to court.



The Right to Finality. You have the right to know the maximum amount of time you have to challenge the IRS’s position as well as the maximum amount of time the IRS has to audit a particular tax year or collect a tax debt.



The Right to Privacy. You have the right to expect that any IRS inquiry, examination, or enforcement action will comply with the law and be no more intrusive than necessary and will respect all due process rights.



The Right to Confidentiality. You have the right to expect that any information you provide to the IRS will not be disclosed unless authorized by the taxpayer or by law.



The Right to Retain Representation. You have the right to hire an attorney or the right to seek assistance from a Low Income Taxpayer Clinic if you cannot afford representation.



The Right to a Fair and Just Tax System. You also have the right to receive assistance from the Taxpayer Advocate Service if you are experiencing financial difficulty or if the IRS has not resolved their tax issues properly and timely through its normal channels.

Economic Outlook

—By Russ Colbert

It may take a few years for the economy to fully recover from the economic disaster caused by COVID-19 and the shutdowns that continue to limit economic growth of the country. A full recovery would be when the unemployment rate reaches 4.0% and GDP is 3% or better on an annual basis. The economy is now showing signs of starting to recover over the past several months. We believe we will see a much stronger sign of the recovery when we receive third quarter reporting in October.

Consumers have been buying automobiles during July at a strong pace. Cars and light trucks were sold at a 14.5 million annual rate last month. This is the highest since February when they reached 16.8 million annualized for the year. They have increased dramatically from the low annual rate of 8.7 million back in April. We are also seeing improving employment reports, and increasing payrolls expanding faster than anticipated. So far the data shows that of the Jobs lost, mostly in March and April, show a recovery rate of 40% plus through June. The unemployment rate has now dropped from in the 20% plus range down to 10.2%. The recent declines in the unemployment claims show that the improvement in the labor market is continuing. Much of the economic activity was supported by government intervention. It is difficult to measure the impact of all the Federal spending and its impact on GDP. Most of the spending has gone to consumers through unemployment benefits and IRS checks. In other-words the Federal Government borrowed from future generations to fuel the spending today to cover the job losses caused by the COVID-19 crisis.

The positive news is that the recession in our opinion is behind us. We think the economy bottomed around late April or early May. Things should continue to slowly improve going forward. As I mentioned previously third quarter GDP should look better. Many of the experts are looking for it to come in around 15% annualized for the

third quarter and continue to improve going forward. The Federal Reserve is committed to keeping the interest rates low and they feel we will not hit their 2.0% inflation target until late 2022 or 2023. We think it may come sooner than that.

It is important to remember that we have seen the worst of the crisis and it is past us. The recovery began several months ago and things have continued to get better. Businesses have adapted and improved and made the best of a terrible situation. The stock market has made a significant recovery over the past several months. Many stocks have recouped most of the losses suffered during the first few month of April and May as we were all dealing with the beginning of COVID-19. We will get back to normal.

Hopefully we will have a vaccine soon or before the year ends. The treatments have improved dramatically. The death rates are slowing down. We, especially the older people, and people with health issues should continue to take precautionary measures when socializing. We will continue to see improvement with treatments and hopefully a vaccine soon.

The election is around the corner and coming soon. We all have to pay close attention to it when it gets here. Currently, it is too early to call and we remain positive.

If you have any questions or need a portfolio review to keep you on track with your investments or retirement plan, please call me.

Russ Colbert
Senior Portfolio Manager
1-888-878-0001



Most Common Tax Scams in 2020

“The Dirty Dozen” is a list of current tax scams compiled and issued every year by the IRS. This year scam artists are stepping up their game during the pandemic. A good rule of thumb is to beware of anyone new who initiates contact about your taxes via email or phone. The IRS will never initiate contact with taxpayers via phone, email, text, or social messaging.

Here are this year’s “Dirty Dozen” tax scams:

- 1 PHISHING.** These phishing schemes use letters, emails, text, and messaging with keywords such as “coronavirus,” “COVID-19” and “Stimulus” to trick you into giving personal or financial information. Ignore these scams. Don’t call, text or hit reply for more details and don’t click on unsolicited links or files.
- 2 FAKE CHARITIES.** Beware of unsolicited charity drives. Examine the sender’s email address or website very carefully. Bogus websites use names remarkably similar to legitimate charities to trick people to send money or provide personal financial information. They may even entice you to apply as a beneficiary of moneys they have collected. Legitimate charities will provide their Employer Identification Number (EIN) upon request. If in doubt, use the search tool on IRS.gov to verify.
- 3 THREATENING PHONE CALLS.** Scam phone calls, including those threatening arrest or license revocation if the victim does not pay a bogus tax bill, are scary but completely fake. The IRS will never threaten a taxpayer or surprise him or her with a demand for immediate payment. Nor will it threaten, ask for financial information over the phone, or call you about an unexpected refund or Economic Impact Payment.
- 4 SOCIAL MEDIA SCAMS.** The scammer uses information you share online to convince you that you are dealing with a person close to you. They may contact you by email, text or social media messaging making conversation or requests that appear to be from your family, friends or co-workers. By watching your social media, they can calculate what causes, products or services are most likely to peak your interest. They use clever covers to trick you into giving personal and financial information they can use to commit tax identity theft.



- 5 ECONOMIC IMPACT PAYMENT OR REFUND THEFT.** Recent victims of this type of scam include residents of nursing homes and other care facilities where individuals and businesses may be diverting stimulus payments as payments for services. Economic Impact Payments generally belong to the recipients, not the organizations providing the care.
- 6 SENIOR CITIZEN FRAUD.** Seniors are more likely to be targeted by scammers than other segments of society. Seniors can be proactive and let service providers know upfront they have a trusted advisor keeping an eye out for potential scammers. Any good provider will allow time to consult.
- 7 TARGETING NON-ENGLISH SPEAKERS.** IRS impersonators and other scammers also target groups with limited English proficiency. The most common is a “robocall” threatening deportation, jail or revocation of driver’s license. These con artists may have some of the taxpayer’s information which makes the phone calls seem more legitimate. Taxpayers should ignore these threats and not engage the scammers.
- 8 “GHOST” TAX RETURN PREPARERS.** This year, with many tax professionals impacted by COVID-19 and their offices potentially closed, taxpayers should take particular care in selecting a credible tax preparer. Ghost preparers are in business to steal your tax identity. A red flag to look for is they will not add their name as the paid preparer on your return. By law, anyone who is paid to prepare or assists in preparing federal tax returns must have a Preparer Tax Identification Number (PTIN). Paid preparers must sign and include their PTIN on returns.
These scammers may also target those who do not need to file by promising big refunds based on made up tax laws. Avoid preparers who ask you to sign a blank return, promise a big refund before looking at your records or charge fees

• continued next page

based on a percentage of the refund. Remember, you are ultimately responsible for the accuracy of your tax return, regardless of who prepares it.

9 OFFER IN COMPROMISE (OIC) MILLS. Taxpayers need to be wary of misleading tax debt resolution companies that can exaggerate chances to settle tax debts for “pennies on the dollar”. The IRS does have a forgiveness program but not everyone qualifies. For example, in 2019, there were 54,000 OICs submitted to the IRS. The agency accepted 18,000 of them. Be cautious of companies who oversell the program to unqualified taxpayers just to collect a hefty fee.

10 FAKE PAYMENTS WITH REPAYMENT DEMANDS. A con artist steals or obtains a taxpayer’s social security numbers or business ITIN and bank account information. The scammer files a bogus tax return and has the refund deposited into the taxpayer’s checking or savings account. Then the taxpayer is told that there’s been an error and that the IRS needs the money returned immediately or penalties and interest will result. The taxpayer is told to buy specific gift cards for the amount of the refund. Of course, a call out of the blue is a red flag, but also, the IRS would never demand a payment by a specific method such as gift cards.

11 PAYROLL AND HR SCAMS. Tax professionals, employers, and taxpayers need to be on guard against phishing designed to steal Form W-2s and other tax information. These are Business Email Compromise (BEC) or Business Email Spoofing (BES). Currently, two of the most common types of these scams are the gift card scam and

the direct deposit scam.

In the gift card scam, a compromised email account is often used to send a request to purchase gift cards in various denominations. In the direct deposit scheme, the fraudster may have access to the victim’s email account (also known as an email account compromise or “EAC”). They may also impersonate the potential victim to have the organization change the employee’s direct deposit information to reroute their deposit to an account the fraudster controls.

BEC/BES scams include requests for wire transfers, payment of fake invoices as well as others and look authentic. The Direct Deposit and other BEC/BES variations should be forwarded to the Federal Bureau of Investigation Internet Crime Complaint Center (IC3). Form W-2 scams be reported to phishing@irs.gov.

12 RANSOMWARE. Malware is a form of invasive software that is often frequently inadvertently downloaded by the user. Once downloaded, it tracks keystrokes and other computer activity. Once infected, ransomware looks for and locks critical or sensitive data with its encryption. In some cases, entire computer networks can be adversely impacted. These criminals frequently use anonymous messaging platforms and demand payment in virtual currency such as Bitcoin. Cybercriminals might use a phishing email to trick a potential victim into opening a link or attachment containing the ransomware. These may include email solicitations to support a fake COVID-19 charity. Cybercriminals also look for system vulnerabilities where human error is not needed to deliver their malware.

Top Credit Card Offers

Discover it Cash Back www.discover.com or call (800) 347-0264 has no annual fee with 11.99% - 22.99% variable APR and 0% intro APR on purchases and balance transfers for 14 months. Recommended minimum credit score to qualify is 690. Unlimited Cashback Match – only from Discover. Discover will automatically match all the cash back you’ve earned at the end of your first year! Earn 5% cash back on everyday purchases at different places each quarter like Amazon.com, grocery stores, restaurants, gas stations and when you pay using PayPal, up to the quarterly maximum when you activate and 1% cash back on all other purchases - automatically. You can Redeem cash back any amount at any time or use your rewards at Amazon.com checkout.

Citi Double Cash Card www.citicards.citi.com offers 0% for 18 months on balance transfers. After the intro rate

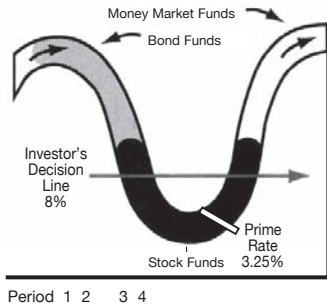
expires this card has a 13.99%-23.99% variable rate based on your credit score. There is no annual fee but a one time 3% balance transfer fee applies. You can also earn 2% on every purchase with unlimited 1% cash back when you buy, plus an additional 1% as you pay for those purchases.

Milestone Gold Card www.milestonegoldcard.com may be an option for those with bad to fair credit (300-670 credit score) or a prior bankruptcy. The card carries a \$35-\$99 annual fee with a fixed 24.90% APR. It has quick pre-qualification available with no impact to your credit score with fast response.

Deserve® Edu Mastercard for Students www.deserve.com is a good option for students with little or no credit history. This card has no annual fee and an 18.74% Variable APR. Card holders also receive one year of Amazon Prime Student after spending \$500 in the first three billing cycles and earn 1% cash back on all purchases. No international transaction fees. Students can apply only to prequalify with no impact to credit score.

The Money Movement Strategy

**Prime Rate Chart
for Money Movement Strategy**



Long-Term Direction: Level
Monthly Change: 0.00%

How It Works

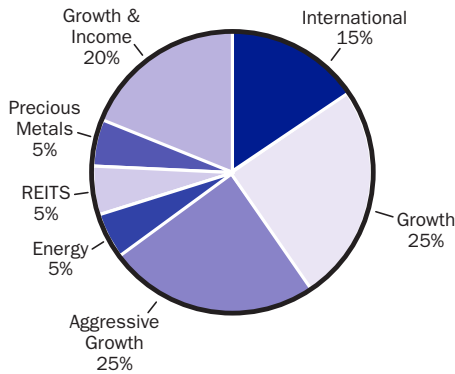
Long-term increases or decreases in the value of stocks, bonds and money market instruments are caused by changes in interest rates, primarily the Prime Rate. Of the three categories of mutual funds — stock, bond, or money market, there is only one type of investment that will give you above-average returns at any given time.

The Money Movement chart represents typical changes of interest rates smoothed out over time. The Investor's Decision Line (IDL) indicates the point at which you should move your money from one type of fund to another. At this time, the IDL indicates stock funds.

Models For Portfolio Management

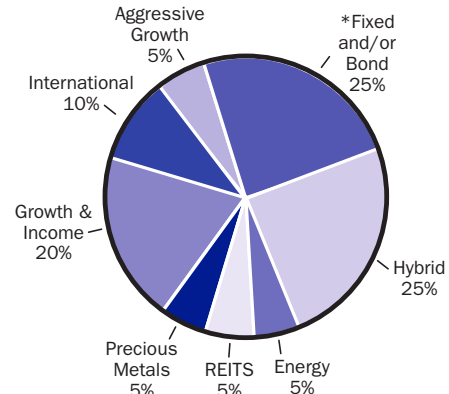
Aggressive

Keep all mutual funds and retirement money in stock funds.



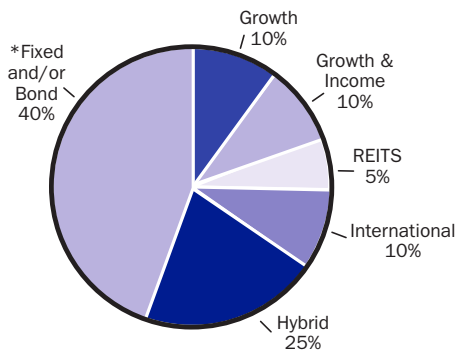
Moderate

Keep most mutual funds and retirement money in stock funds.



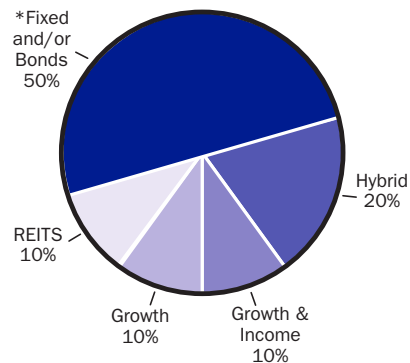
Conservative

Keep most mutual funds and retirement money in stock funds.



Retirees

Note: This portfolio does not follow the Money Movement Strategy!
Create the proper mix of Stock, Bond, and money market funds.



*Fixed Market-Linked CDs

No-Load Mutual Funds*

Fund Name/Type	Stock Symbol	Buy, Sell or Hold	3 Month % Change	Average Annual Returns as of 07/31/20			Expense Ratio
				1 Year % Change	5 Year % Change	10 Year/ % Change	
Aggressive Growth							
BNY Mellon Small Cap Index	DISSX	Buy	12.60	-8.96	5.00	10.58	0.50
Kinetics Paradigm No Load	WWNPX	Buy	0.16	-18.86	7.36	9.84	1.64
Needham Growth	NEEGX	Buy	22.20	29.99	10.72	12.15	1.08
Schwab Hedged Equity Select	SWHEX	Buy	0.90	-5.26	1.76	5.26	1.92
Value Line Small Cap Opp	VLEOX	Buy	16.40	4.05	9.68	13.64	1.19
Growth							
American Century Mid Cap	ACMVX	Buy	8.25	-5.57	5.44	10.21	0.98
BNY Mellon MidCap Index	PESPX	Buy	13.53	-4.03	5.63	10.58	0.50
Harbor Mid Cap Growth Inv	HIMGX	Buy	31.60	33.15	15.93	15.97	1.25
Janus MidCap Value T	JMCVX	Buy	7.05	-9.87	4.20	7.56	0.84
Neuberger Berman Partners Inv	NPRTX	Buy	10.15	-0.78	8.35	9.67	0.87
Selected American Shares	SLASX	Buy	9.52	0.43	0.02	9.90	0.98
American Century Small Cap Value	ASVIX	Hold	7.86	-14.13	3.17	8.09	1.25
Growth & Income							
American Century Equity	TWEIX	Buy	19.18	14.96	5.45	7.35	1.18
American Century Large Value	ALVIX	Buy	7.13	-3.34	4.00	9.84	0.84
Fairholme	FAIRX	Hold	10.19	-2.01	-0.09	3.65	1.00
Parnassus Equity Income Inv	PRBLX	Buy	14.27	11.62	11.51	13.47	0.86
Janus Contrarian	JSVAX	Buy	16.39	9.93	7.52	9.81	0.81
T. Rowe Price Equity Income	PRFDX	Buy	7.48	-8.89	5.04	8.74	0.64
Hybrid							
American Century Balanced	TWBIX	Buy	8.84	10.02	7.29	9.00	0.91
James Balanced Golden Rainbow	GLRBX	Buy	3.22	0.59	0.78	4.71	1.08
Oakmark Equity & Income	OAKBX	Buy	9.36	-3.01	4.07	7.03	0.81
Pax Sustainable Individual Inv	PAXWX	Buy	9.40	11.65	7.31	8.37	0.92
Permanent Portfolio	PRPFX	Buy	14.18	14.15	7.19	5.18	0.84
Value Line Asset Allocation Inv	VLAAX	Buy	-9.59	10.70	10.12	11.52	1.08
International							
American Century Intl Growth	TWIEX	Buy	19.18	14.96	5.45	7.35	1.18
Artisan International Inv	ARTIX	Buy	16.25	6.27	4.42	7.68	1.19
Matthews China Investor	MCHFX	Hold	25.93	37.93	13.70	7.55	1.09
William Blair Intl. Growth	WBIGX	Buy	23.01	19.19	6.28	7.22	1.45
T. Rowe Price Emerging	PRMSX	Buy	19.24	8.20	8.63	4.94	1.22
Sector Funds							
American Century Real Estate Inv	REACX	Buy	7.89	-4.99	4.63	9.18	1.16
Cohen & Steers Realy Shares	CSRSX	Buy	9.23	-3.05	6.35	9.68	0.89
T. Rowe Price Health Sciences	PRHSX	Buy	11.97	22.91	8.65	20.67	0.76
USAA Precious Metals/Minerals	USAGX	Sell	33.01	63.78	23.56	-1.13	1.27
US Global Investors Global Res	PSPFX	Hold	30.14	6.21	1.26	-3.20	1.58
Bond Funds							
American Century Infl-Adj Bond	ACITX	Buy	4.46	9.10	3.57	3.16	0.47
Fidelity Capital & Income	FAGIX	Buy	11.49	2.43	5.32	7.10	0.67
Janus Flexible Bond	JAFIX	Buy	5.46	12.03	4.45	4.28	0.70
Loomis Sayles Bond Retail	LSBRX	Buy	7.95	0.48	3.29	4.54	0.92
Pax High Yield Bond Indv Inv	PAXHX	Buy	9.73	6.84	5.12	5.29	0.96
American Century Sh-Dur Bd fund	APOIX	Buy	3.14	3.66	1.99	2.02	0.57

* Some funds may be closed to New investors due to demand.

The performance data quoted represents past performance and the principal value and investment return will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Returns shown, unless otherwise indicated, are total returns, with dividends and income reinvested. Past performance is no guarantee of future results.

Since it purchases equity securities, including common stocks, the Fund is subject to the risk that stock prices will fall over short or extended periods of time. The Fund may buy and sell securities frequently as part of its investment strategy. This may result in higher transaction costs and additional tax liabilities.

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Getting the Benefits You Need

Q: I am out of work and need all the help I can get. Where do I look to see what benefits are available to me?

A: Go to www.Benefits.gov to start your search for government benefits by category and agency. Fill out their Benefit Finder questionnaire online to find out what benefits you may qualify for today. You can also learn about and get links to government programs that provide financial help for individuals and organizations at www.usa.gov.

Q: I'm struggling to pay for expensive medications, are there any programs that can help?

A: Many states and counties offer prescription assistance programs. If you participate in Medicare Part D and need financial assistance you may be qualified for the federal benefit program called Extra Help. The Medicare Rights Center—1-800-333-4114—can let you know if you qualify. Here's some others you can check out:

- Needhelpayingbills.com is a website that also lists state and local assistance programs that you may qualify for.
- NeedyMeds helps people of all ages, with and without insurance, locate Patient Assistance Programs, free/low cost clinics, state programs and offers a free NeedyMeds Drug Discount Card. For more information, you may call their helpline at 800-503-6897.
- Partnership for Prescription Assistance helps qualifying people without prescription drug coverage get the medication they need for free or nearly free. They offer access to public and private programs, including pharmaceutical company programs. Website: www.medicineassistancetool.org or Phone: 888-477-2669
- RxAssist helps individuals find information about free and low cost medication programs and other ways to manage your medication cost through their online Patient Assistance Program Center. They also provide a prescription discount card that patients may be able to use even if they have health insurance coverage. Visit online at www.rxassist.org
- RxHope.com provides program descriptions and downloadable applications for prescription assistance programs for specific medications.
- PatientAssistance.com is a nonprofit site that offers money-saving offers such as printable coupons and a searchable database of available patient assistance programs.
- GoodRx (GoodRx.com) allows you to compare drug

prices from pharmacies in your area, including big pharmacy chains, local pharmacies and mail order companies.

- Together Rx Access can help qualifying patients without prescription drug coverage save on hundreds of name-brand and generic products and connect patients to resources about coverage options. For more information, call 800-444-4106.

Q: I lost my job and can't afford health care premiums any longer. Are there any programs that help with insurance premiums?

A: Organizations that may help include:

- Patient Advocate Foundation Co-Pay Relief at 1-866-512-3861.
- National Organization for Rare Diseases (NORD) at 1-800-999-NORD.
- Patient Services Inc. at 1-800-366-7741.
- HealthWell Foundation at 1-800-675-8416.
- Patient Access Network Foundation at 1-866-316-7263.

Q: Where can I find help to pay my rent?

A: www.RentAssistance.US provides a directory of rental assistance agencies and organizations that will help you pay your rent. Some listings are government organizations other are non-profits and charities that offer rental assistance programs. Each organization has its own eligibility rules and conditions and you are encouraged to call directly to find out what you need to do.

Q: I need an attorney but can't pay the high upfront fees. Are there more affordable options?

A: Under federal rules, if a person is charged with a crime that carries a possible jail sentence, they have the right to a lawyer even if they cannot afford one. They will then be able to make use of a court-appointed public defender. However, if one is charged in a civil case such as divorce, there is no entitlement to a lawyer. This is where a lawyer that offers free service can help. Essentially, they offer legal advice at no charge. Here are a few sites to look at:

- You can search for pro bono attorneys and legal aid societies in your area at www.legalsupporttoday.com
- Legal Services Corporation (www.LSC.gov) is an independent nonprofit established by Congress in 1974 to provide financial support for civil legal aid to low-income Americans. The Corporation currently provides funding to 134 independent nonprofit legal aid organizations in every state, the District of Columbia, and U.S. Territories.
- Visit www.LawHelp.org to look up information about your legal questions and find free legal forms.

PAYROLL PROTECTION PROGRAM

Loan Forgiveness

Q: I received a PPP loan and want to be sure I qualify for forgiveness. Is there a simple check list I can work with?

A: You can find detailed instructions at www.SBA.gov. In general, the Paycheck Protection Program (PPP) loan forgiveness focuses on three main themes:

1. Spending your PPP funds on the right things. The guidelines require you to spend at least 60% of the loan proceeds on payroll costs which can include:
 - Salaries or wages
 - Vacation pay
 - Parental and family leave
 - Employer medical or other group benefits
 - Sick leave
 - Employer retirement benefits
 - Bonuses
 - Commissions or benefit pay

You can spend the remaining 40% of the funds on approved expenses such as:

- Mortgage interest
- Payments for lease contracts
- Utilities

Note: To be forgivable, these expenses can't be brand new, the contracts or accounts need to have been in effect prior to February 15, 2020.

2. Tracking your expenses. Here are some tips to help you prove your expenses and qualify for loan forgiveness:
 - Record the PPP funds as a loan in your books
 - For the next 24 weeks, record each expense amount along with the date incurred
 - Record the vendor or payee
 - Record the purpose and the category of the expense such as payroll, utilities or rent
 - Keep and store the actual receipt or record
3. Apply. Forgiveness is not automatic. At the end of the 24-week window, you will need to add up the total amount you spent on qualifying expenses and apply for forgiveness through your lender using the applicable Forgiveness Application Form.

Q: Which loan forgiveness application should sole proprietors, independent contractors, or self-employed individuals with no employees complete?

A: According to the Small Business Association guidelines, sole proprietors, independent contractors, and self-employed individuals who had no employees at the time of the PPP loan application and did not include any employee salaries in the computation of average monthly payroll in the Borrower Application Form automatically qualify to use the Loan Forgiveness Application Form 3508EZ or lender equivalent and should complete that application.

Q: If a borrower submits a timely loan forgiveness application, does the borrower have to make any payments on its loan prior to SBA remitting the forgiveness amount, if any?

A: As long as a borrower submits its loan forgiveness application within ten months of the completion of the Covered Period (as defined below), the borrower is not required to make any payments until the forgiveness amount is remitted to the lender by SBA. If the loan is fully forgiven, the borrower is not responsible for any payments. If only a portion of the loan is forgiven, or if the forgiveness application is denied, any remaining balance due on the loan must be repaid by the borrower on or before the maturity date of the loan. Interest accrues during the time between the disbursement of the loan and SBA remittance of the forgiveness amount. The borrower is responsible for paying the accrued interest on any amount of the loan that is not forgiven.

Q: Are nonpayroll costs incurred during the Covered Period, but paid after the Covered Period, eligible for loan forgiveness?

A: Nonpayroll costs are eligible for loan forgiveness if they were incurred during the Covered Period and paid on or before the next regular billing date, even if the billing date is after the Covered Period. Example: A borrower's 24-week Covered Period runs from April 20 through October 4. On October 6, the borrower receives its electricity bill for September. The borrower pays its September electricity bill on October 16. These electricity costs are eligible for loan forgiveness because they were incurred during the Covered Period and paid on or before the next regular billing date (November 6).

Value Line Small Cap Opportunities

As its name indicates, the Value Line Small Cap Opportunities Fund (VLEOX – Investor Class) is a no-load mutual fund that invests in U.S. based companies that are categorized as “Small Cap”.

What’s Cap? Cap is short for market capitalization. A publicly traded company’s market capitalization is arrived upon by multiplying all of the shares of stock outstanding by the current price of the stock. It’s generally accepted that the small cap universe includes companies that have market capitalizations between \$300 million and \$2 billion. Clearly, these are not mom and pop shops, but far smaller than behemoths such as Apple or Amazon, each boasting market capitalizations in excess of \$1.5 trillion!

Since 1998, this fund is managed by Stephen Grant. Mr. Grant earned his BA from Stanford, his MBA from Wharton, and has over 25 years of investment experience. Here’s a brief summary of some of his recent remarks about managing the fund during this pandemic:

- The rapid sell-off of small cap companies has enabled us to readjust the weightings of our existing portfolio and add selected high-quality, growth-oriented companies at current prices;
- We seek companies that have a demonstrated history of 10+ years of growth in earnings and stock price; as a result, the Fund typically does not invest in biotechnology or energy companies;
- We continue to favor companies that have time-tested business models and have grown regardless the economic environment rather than “high-flying, headline-grabbing” smaller companies.

By and large, small cap stocks and funds have struggled this year when compared to their large cap brothers. The S&P 500® Index, which is the go-to barometer for

the performance of U.S. based large cap companies, has significantly outperformed the Russell 2000®, a popular barometer for U.S. based small cap companies. However, this fund has been a bit of a bright spot in the small cap world so far in 2020. As of 7/31/2020, this fund has a total return of 2.39%, while its most relevant benchmark, the Russell 2000®, is down 10.57%.

Investors have long recognized the advantages of building a diversified portfolio. Depending upon one’s personal situation, a high quality small cap fund may make for a solid addition to a portfolio built for long term success.

If you’re interested in this fund, or would like a portfolio review to determine if this fund might be an appropriate addition to your portfolio, please call Ted Black, CFP® at 888-878-0001, extension 3.

Performance annualized and updated through 07/31/2020: 1-Year: +4.05%; 3-Year: +9.81%; 5-Year: +9.68%. The gross annual expense ratio is 1.19%.

If you questions about Asset Allocation or Rebalancing and how they may currently apply to your situation, please feel free to call Ted Black, CFP® at 888-878-0001, extension 3.

Performance annualized and updated through 12/31/2019: 1-Year: +25.56%; 3-Year: +8.73%; 5-Year: +8.52%. The gross annual expense ratio is 0.50%.

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Statistics and information provided by Morningstar and Value Line Funds. Please visit the Value Line Funds website at <https://vlfunds.com> for the most recent performance information. The principal value and investment return will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than their original cost. Returns shown, unless otherwise indicated, are total returns, including any capital gains or losses and all dividend and capital gains distributions. The performance data quoted represents past performance and in no way guarantees future results. Mutual funds are not FDIC insured.

Mutual funds are sold by prospectus. An investor should consider the investment objectives, risks, charges and expenses of the investment company carefully before investing. The prospectus contains this and other information about the investment company. Please contact our office at 888-878-0001 to obtain a prospectus. Please read the prospectus carefully before you invest or send money.

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- Review of my Investment Portfolio
- Where to invest in 2020

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From the Financial Hotline



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Q: Will Medicare pay for a short term stay in a nursing home (skilled nursing care)?

A: If you qualify for short-term coverage in a skilled nursing facility, Medicare Part A pays 100 percent of the cost for the first 20 days. For days 21 through 100, you bear the cost of a daily copay, which is \$176 in 2020.

Q: My wife will need long term care in the near future, and we have been told she is not eligible for Medicaid. The nursing home representative suggested I contact a Medicaid Planner. What is that and how can they help?

A: Medicaid is a Federal program, but it's administered on a state level, so the rules and regulations can vary greatly depending on what state you live in. However, in most states, the applicant would need to have less than \$2,000 in countable assets to qualify. Most people are ineligible because they have too much income, assets or both. Medicaid Planners help clients structure their financial resources and prepare documentation to ensure the best possibility of being accepted into the Medicaid program. They create trusts, manage asset transfers, and convert countable assets into exempt assets to ensure eligibility and preserve a family's resources and can also protect a family home from Medicaid recovery. As the healthy spouse, they can also help you structure your finances to ensure you have adequate income and resources for your support.

Q: What does "countable" asset mean?

A: Each state has rules regarding what assets or income aren't counted towards the Medicaid limits. For example, Most states will not count the value of equity in your home or half of a couples assets up to \$128,640.

Q: How much can I expect to pay for Medicaid Planning?

A: Even in the same area, fees can range from as low as \$3,000 to over \$10,000 depending on the provider. A more complicated case may affect the cost as well. However, the average cost of working with a Medicaid planning professional is generally less than the cost of one month's care in a nursing home.

Q: Can I get free help with Medicaid Planning?

A: Yes. But only if you meet the criteria for free help. Sites like the American Center for Aging have tools to help you determine eligibility such as www.medicaidplanningassistance.org. You can also get more information at www.Medicaid.gov or apply through www.Healthcare.gov. As a rule of thumb for the year 2020, a single individual, 65 years or older must have less than \$2,000 in countable assets and countable income under \$2,349 per month to be eligible.

Again, exact numbers will vary by state, but in general, If you have countable income and assets that are over the limit but still under \$15,000 (or \$30,000 if married), you can probably handle the planning yourself with simple options like spending down or an irrevocable funeral trust.

For those with more income and assets (and time to plan), you may find more affordable options like Life Resource Planners (sometimes referred to as Eldercare Resource Planners) These advisors take a larger, holistic view of how to help families plan for paying for aging care. As with Medicaid Planning professionals, their fees must be paid for out-of-pocket. However, Eldercare Resource Planners typically charge 50% - 75% less than Medicaid Planners.

Q: How Does the Medicaid Planning Process work?

A: It's very similar to what you need for Estate Planning. You will typically set up a consultation and provide the planner with details about your income, assets and financial accounts. The planner will want to know how each asset is titled and what is the current value. If you need immediate long-term care, they will also need details about the medical issues and what type of care is needed. They use this information to determine whether they can help you accomplish your goals and also how much they will charge.

Depending on the strategy, it can take several weeks or months to get everything put together and agree upon a plan. If you have an immediate need for Medicaid care, the Medicaid application documentation can be prepared simultaneously and your loved one could be accepted at a facility as "Medicaid Pending". In some cases, Medicaid coverage can even be made retroactive.



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