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Success InSight®

Winter 2021

Tax Year 2020

As always, taxpayers should be aware of several key items involving credits, deductions, and refunds when filing their tax returns. Let's take a look:

1 Recovery Rebate Credit/Economic Impact Payment.

In January, the Treasury Department and the IRS began sending the second round of Economic Impact Payments (EIP2) to millions of Americans as part of the implementation of the Coronavirus Response and Relief Supplemental Appropriations Act. As with the first round of Economic Impact Payments (EIP1), taxpayers don't need to take any action to receive these payments. Taxpayers who didn't receive an advance payment should review the eligibility criteria when they file their 2020 taxes because many people, including recent college graduates, may be eligible for a credit. Taxpayers who received an Economic Impact Payment should have received Notice 1444, Your Economic Impact Payment, and should keep it with their 2020 tax records.

Individuals who received the full amount for both Economic Impact Payments do not need to complete information about the Recovery Rebate Credit on their 2020 Form 1040 or 1040-SR because they've already received the full amount of the Recovery Rebate Credit as advance payments.

Eligible individuals who did not receive an Economic Impact Payment – either the first or the second payment – can claim a Recovery Rebate Credit when filing their 2020 Form 1040 or 1040-SR this year. They may be eligible to claim the Recovery Rebate Credit on their tax year 2020 federal income tax return if:

- they didn't receive an Economic Impact Payment, or
- their Economic Impact Payment was less than the full amount of the Economic Impact Payment for which they were eligible.

2 Option to Use Prior Year Income Amounts. Also new this year is the option to use prior year income amounts (2019) when computing the Earned Income Tax Credit and the Additional Child Tax Credit.

3 Interest on Refunds is Taxable. Taxpayers who received a federal tax refund in 2020 may have been paid interest. Refund interest payments are taxable and must be reported on federal income tax returns. In January 2021, the IRS will send Form 1099-INT, Interest Income to anyone who received interest totaling $10 or more.

4 Charitable Deductions. In 2020, taxpayers who don't itemize deductions may take a charitable deduction of up to $300 for cash contributions made in 2020 to qualifying organizations. Please note that this amount applies whether filing individual or joint returns. In 2021, this amount increases to $600 for joint filers ($300 for single filers).

5 Virtual Currency. If in 2020, you engaged in a transaction involving virtual currency, you will need to answer the question on page 1 of Form 1040 or 1040-SR. In 2019, this question was on Schedule 1.

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Tax Year 2021

• *continued from page 1*

6 **Form 1099-NEC**. Individuals may receive Form 1099-NEC, Nonemployee Compensation, rather than Form 1099-MISC, Miscellaneous Income, if they performed certain services for and received payments from a business in 2020.

DO YOU NEED TO FILE A 2020 TAX RETURN?

Most people file a tax return because they have to, but even if you don't, there are times when you should - because you might be eligible for a tax refund and not know it. The tax tips below should help you determine whether you're one of them.

Whether you need to file a tax return this year depends on several factors. In most cases, the amount of your income, your filing status, and your age determine whether you must file a tax return. For example, if you're single and 24 years old, you must file if your income was at least $12,400. If you are age 65 or older, income thresholds are higher ($14,050 in 2020 for single filers). If you're self-employed (see below) or a dependent of another person, other tax rules may apply.

Did your employer withhold federal income tax from your pay? Did you make estimated tax payments? Did you overpay last year, and have it applied to this year's tax? If you answered "yes" to any of these questions, you could be due a refund, but you must file a tax return to receive the refund. Here are some other factors to consider:

PREMIUM TAX CREDIT If you, your spouse, or a dependent was enrolled in healthcare coverage purchased from the Marketplace in 2020, you might be eligible for the Premium Tax Credit - but only if you chose to have advance payments of the premium tax credit sent directly to your insurer during the year. However, you must file a federal tax return and reconcile any advance payments with the allowable premium tax credit.

EARNED INCOME TAX CREDIT Did you work and earn less than $56,844 last year? You could receive EITC as a tax refund if you qualify with or without a qualifying child. You may be eligible for up to $6,660. If you qualify, file a tax return to claim it.
You may elect to use your 2019 earned income to figure your EITC if your 2019 earned income is more than your 2020 earned income.

ADDITIONAL CHILD TAX CREDIT Do you have at least one child that qualifies for the Child Tax Credit? If you don't get the full credit amount, you may qualify for the Additional Child Tax Credit and receive a refund even if you do not owe any tax.

AMERICAN OPPORTUNITY TAX CREDIT The AOTC (up to $2,500 per eligible student) is available for four years of post-secondary education. You or your dependent must have been a student enrolled at least half-time for at least one academic period. Even if you don't owe any taxes, you still may qualify; however, you must complete Form 8863, Education Credits, and file a return to claim the credit.

HEALTH COVERAGE TAX CREDIT If you, your spouse, or a dependent received advance payments of the health coverage tax credit, you will need to file a 2020 tax return. Form 1099-H, Health Coverage Tax Credit (HCTC) Advance Payments, shows the amount of the advance payments.

You must file a return in other situations as well, including, but not limited to the following situations:

- You owe special taxes such as the alternative minimum tax (AMT), additional tax on qualified plans such as an individual retirement arrangement (IRA), or another tax-favored account, or household employment taxes. However, if you are filing a return only because you owe these taxes, you can file Schedule H, Household Employment Taxes, by
- You (or your spouse, if filing jointly) received Archer MSA, Medicare Advantage MSA, or health savings account distributions.
- You had net earnings from self-employment of at least $400.
- You had wages of $108.28 or more from a church or qualified church-controlled organization that is exempt from employer social security and Medicare taxes.

Here are some types of income that are usually not taxable:

- Gifts and inheritances
- Child support payments
- Welfare benefits
- Damage awards for physical injury or sickness
- Cash rebates from a dealer or manufacturer for an item you buy
- Reimbursements for qualified adoption expenses

In addition, some types of income are not taxable except under certain conditions, including: Life insurance proceeds paid to you are usually not taxable. But if you redeem a life insurance policy for cash, any amount that is more than the cost of the policy is taxable. Income from a qualified scholarship is normally not taxable; that is, amounts you use for certain costs, such as tuition and required books, are not taxable. However, amounts used for room and board are taxable. If you received a state or local income tax refund, the amount might be taxable. You should have received a 2020 Form 1099-G from the agency that made the payment to you.

Economic Outlook

–By Russ Colbert

The double dip recession many were fearing did not happen last quarter and we do not see it happening in early 2021. The shutdowns have seriously affected retail sales and employment, especially the restaurants and bars. Much of the economy, such as manufacturing output and housing has kept growing. Even though the latest stimulus bill did not pass until December, it should lift the economy in the first quarter where it is much needed. It is too bad the growth is borrowed from the future. Some parts of the economy that are not being positively affected by deficit spending are still in bad shape. That is why we feel that a Congress and President Biden will pass more spending programs in the months ahead that will help the economy in the short term.

When we have the combination of more spending with increased vaccines and warmer weather, the economy should keep growing. We believe GDP will grow to somewhere around 3.5 to 4.0 percent for 2021. Payrolls should grow somewhere around 5 ½ to 6 million new jobs for 2021. It will be lower than the numbers prior to COVID-19 pandemic, but should be a good improvement after the drop we experienced during last year and it should continue to improve. We would be more than 2 million jobs short of where we where 12 months before Covid-19, but it is still the fastest percentage of job growth since the 1970's. Good progress, but not a full recovery.

The fourth quarter of 2020 was good. We believe real GDP will come in around a 5% annual rate. This is still below where we were a year ago. There has been a lot of damage to small businesses and will take years to improve and get back to normal. Some of the fourth quarter improvement came in car and truck sales. The car and truck sales rose around 20%. Retail sales for the quarter showed a decline in inflation over 2%, but overall inflation for 2020 we feel will come in around 3%. Business investment in equipment was strong in the fourth quarter. The Residential construction continued to grow during the fourth quarter, likely reaching the highs of 2007. We feel home building will continue to be strong. The housing market should continue to improve with the low interest rate environment. Inventories seemed to grow during the fourth quarter for the first time since 2019. They should mask a strong and positive contribution to the economic growth in 2021, due to companies needing to restock their shelves.

We are concerned about the large deficit. The budget deficit for 2020, that ended the fiscal year on 9/30/2020 was $3.1 trillion, the highest on record. This year it will be larger. Now with the Covid-19 relief stimulus in the works it may be over $4 trillion dollars this year. That additional stimulus will work it self into to the economy and should give the economy a positive boost. This larger deficit is likely a longer-term problem and should be addressed once we pull further away from the problems caused by the Covid-19 pandenic. We believe as the vaccine is further distributed to more people and more states continue to open and business continues to pick up and improve so will the economy. Going forward we should continue to see things improve overall and slowly get better.

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

Is it Time to Refinance?

Q: Should I refinance?

A: That depends. Are interest rates more than 1% below your current rate? Has your credit score improved enough that you might be eligible for a lower-rate mortgage? Can you switch to a shorter term for the same monthly payment? Do you need to lower your payment to save your home?

The answers to these questions will influence your decision. But before deciding, you need to understand all that refinancing involves. Remember that, along with the potential benefits to refinancing, there are also costs.

Q: The rate is 1% lower and I will save $108 per month. Isn't this a no brainer?

A: The interest rate on your mortgage is tied directly to how much you pay on your mortgage each month--lower rates usually mean lower payments. For example, compare the monthly payments (for principal and interest) on a 30-year fixed-rate loan of $200,000 at 3.5% and 2.5%.

Monthly payment @ 3.5%	$898
Monthly payment @ 2.5%	$790

Its easy to see the difference when you first purchase your home but there are several variables to consider when you are refinancing. For example, even if the rate and payment are much lower, if you are halfway or more through your current mortgage, you may end up paying more by refinancing. In the later years of your mortgage, more of your payment applies to principal and helps build equity. By refinancing late in your mortgage, you will restart the amortization process, and most of your monthly payment will be credited to paying interest again instead of building equity.

You also have closing costs, pre-paid and out of pocket expenses when you refinance. In your case, these costs total $6938. So you will pay $6938 now to save $108 per month in the future. That means it will take you 64 months (5 yrs, 3 months) before you start to save anything. Be sure you plan on keeping this home long enough to recoup that cost

Q: I currently have 26 years left on my mortgage and want to pay it off in 15 years. Should I refinance to a 15 year term?

A: That depends. If the new rate is more than 1% lower than your current rate, closing costs are reasonable and you plan to stay in the home longer than five years, this could be a good idea. But you still need to do the math.

Using our previous example, the payment on a 30 year mortgage at 3.5% is $898 but the payment over 15 years, even with a lower rate of 2.5% is $1333. It may be harder to qualify for the higher payment and financial circumstances can change over the years.

Compare making extra payments to your current mortgage and see if that works out better. For example, if you pay $1333 (an extra $435 per month) on your current mortgage, the extra payments will allow you to pay off your mortgage in 14 years and 7 months. By just paying extra, you avoid the refinance paperwork PLUS you will save at least a few thousand in closing costs! NOTE: Most lenders allow you to prepay but contact them first to be sure the payment is applied to principal.

Q: Is it a good idea to refinance from an adjustable-rate mortgage to a fixed-rate mortgage?

A: This is usually a good idea, but there are exceptions. If you have an adjustable-rate mortgage, or ARM, your monthly payments will change as the interest rate changes. With this kind of mortgage, your payments could increase or decrease. If you don't plan on staying more than five years in the current home, and you have a low rate that can't go much higher in 5 years, refinancing may not be worth it.

> If you plan on staying in your home and have many years left on the mortgage, a fixed-rate mortgage may be more comfortable.

But peace of mind is important too. If you plan on staying in this home and you have many years left on the mortgage, you may be more comfortable switching to a fixed-rate mortgage. Contact your current lender to get the exact details of how high your rate could go and how often it can change. If you can get a fixed rate close to your current rate, it may be worth the closing costs to refinance.

If you currently have an ARM, will the next interest rate adjustment increase your monthly payments

substantially? You may choose to refinance to get another ARM with better terms. For example, the new loan may start out at a lower interest rate. Or the new loan may offer smaller interest rate adjustments or lower payment caps, which means that the interest rate cannot exceed a certain amount. If you are refinancing from one ARM to another, check the initial rate and the fully-indexed rate. Also ask about the rate adjustments you might face over the term of the loan.

Any ad for an ARM that shows an introductory interest rate should also show how long the rate is in effect and the annual percentage rate, or APR, on the loan. If the APR is much higher than the initial rate, that is a sign that your payments may increase a lot after the introductory period, even if market interest rates stay the same.

Q: Should I refinance to get cash out for repairs?

A: Home equity is the dollar-value difference between the balance you owe on your mortgage and the value of your property. When you refinance for an amount greater than what you owe on your home, you can receive the difference in a cash payment (this is called a cash-out refinancing).

Before you refinance, compare the payments and costs for a home equity loan or home equity line of credit as options, that may save you money in the long run. Note: We don't recommend cash-out refinancing to pay down unsecured debt (such as credit cards) or short-term secured debt (such as car loans).

Q: My current loan has a prepayment penalty. What does that mean?

A: This is a fee that lenders might charge if you pay off your mortgage loan early, including for refinancing. You should carefully consider the costs of any prepayment penalty against the savings you expect to gain from refinancing. Paying a prepayment penalty will increase the time it will take to break even.

Q: I plan to move in five years. But the rates are 1% lower, should I refinance?

A: It is not unusual to pay 3 percent to 6 percent of your outstanding principal in refinancing fees plus there may be fees due to your first lender for early payoff.

Q: What will refinancing cost?

A: The interest rate is the cost you will pay each year to borrow the money, expressed as a percentage rate. An annual percentage rate (APR) includes the interest rate plus what it will cost you to borrow the money. The APR can help you compare costs quickly. For example, a 2.6% rate with a 2.9% APR will likely cost you less in the long run than a 2.1.8% rate with a 3.0 APR

Q: What is the difference between interest rate and APR?

A: This is a fee that lenders might charge if you pay off your mortgage loan early, including for refinancing. You should carefully consider the costs of any prepayment penalty against the savings you expect to gain from refinancing. Paying a prepayment penalty will increase the time it will take to break even.

Real Estate News

The Real Estate market continues to do well fueled by record-low mortgage rates, under 3%. The National Association of Realtors (NAR) predicts rates will not drop lower this year but should rise only slightly through 2021

However, high demand with low supply is causing prices to rise considerably in many regions and this may start to chip away at affordability.

Market projections are harder this year because we have so many unknowns. However, NAR's Chief Economist Lawrence Yun believes once the pandemic subsides and the economy recovers, we could see unleashed spending. Realtor.com's Danielle Hale, says, "The 2021 housing market will be much more normal than the wild swings we saw in 2020, Buyers may finally have a better selection of homes to choose from later in the year but will face a renewed challenge of affordability as prices stay high and mortgage rates rise."

NAR forecasts prices could reach new highs in the first quarter of 2021, climbing by 5.7 percent, as growth continues but at a slower pace. The number of homes for sale will slowly rebound, offering buyers some relief. Realtor.com expects existing-home sales to rise 7 percent and single-family housing starts, which are new residential construction projects that are just getting underway, to grow by 9 percent.

Recent statistics showed 5.2 percent of mortgages, or 2.7 million, are in forbearance. That represents $547 billion in unpaid principal and many are concerned about what happens when this backlog hits the market. But Yun predicts foreclosures won't have a sizable impact on the 2021 market. When pandemic-related foreclosure moratoriums and mortgage forbearance programs come to an end, that could lead to a spike in foreclosures. "But from a marketplace point of view, it will be completely unlike the subprime bust" more than a decade ago, Yun said. Back then, there was a 10-month supply of housing inventory compared to this market, which is under a 3-month supply. "We are lacking inventory," he said. "Any foreclosure increases will likely be quickly absorbed by the market. It will not lead to any price declines."

ATTOM Data Solutions, licensor of the nation's most comprehensive foreclosure data released its Year-End 2020 U.S. Foreclosure Market Report. The report shows that foreclosure filings were reported on 214,323 U.S. properties in 2020, down 57 percent from 2019 and down 93 percent from a peak of nearly 2.9 million in 2010, to the lowest level since tracking began in 2005. Bank repossessions also decreased 95 percent since their peak in 2010. Lenders repossessed 50,238 properties through foreclosure (REO) in 2020, down 65 percent from 2019 and down 95 percent from a peak of 1,050,500 in 2010, to the lowest level as far back as data is available — 2006.

Work from-home trends are currently one of the biggest influences on housing preferences, and are also fueling widespread office vacancies in many cities. Vacation home sales are also escalating. People working from home are opting for more scenic locations when they don't have to worry about commute time. Quite a few businesses have made the work at home option a permanent solution, so we don't expect this to be a temporary fad.

Many renters have transitioned into homeownership during the pandemic, and rental demand and prices are dropping in major cities like New York and San Francisco. Rental prices are expected to flatten for the first half of the year reflecting the still-high number of Americans who have lost work due to business shutdowns because of the pandemic. Overall, the multifamily market has maintained their occupancy levels as more people are just staying put and renewing their leases. As a result, resiliency, rent prices are expected to rebound in the second half of 2021. Rental prices likely will be weakest in dense urban areas, while suburban sunbelt areas likely will see small increases in rents.

The commercial real estate market continues to recover, but sales, leasing, and construction activity remain below year-ago levels. The recovery also remains uneven, with stronger investor interest for land, multifamily, and industrial properties than for hotels, retail, and office properties.

According to a new report by Zillow, the hottest markets for 2021 are:

- Austin, Texas
- Phoenix, Arizona
- Nashville, Tennessee
- Tampa, Florida
- Denver, Colorado

While these markets are expected to see the strongest value gains, other former hot spots have fallen far out of favor. The three markets most likely to underperform, according to Zillow's survey, are New York, San Francisco and Los Angeles.

HELP IS ON THE WAY FOR LANDLORDS AND TENANTS

Eviction moratoriums have been a huge relief for tenants, but in many cases, devastating to landlords. A new law, signed December 27, 2020, may help the most vulnerable in both situations. The Emergency Rental Assistance Program provides for $25 billion in emergency funds The exact details and where to apply are still being updated but you can keep checking for more info at www.home.treasury.gov. Just type "rental assistance" in the search bar. The National Landlord Association has put together a list of city and state websites that will potentially be running the programs.

An "eligible household" is defined as a renter household in which at least one or more individuals meets the following criteria:

- Qualifies for unemployment or has experienced a reduction in household income, incurred significant costs, or experienced a financial hardship due to COVID-19;
- Demonstrates a risk of experiencing homelessness or housing instability; and
- Has a household income at or below 80 percent of the area median.

Household income is determined as either the household's total income for calendar year 2020 or the household's monthly income at the time of application.

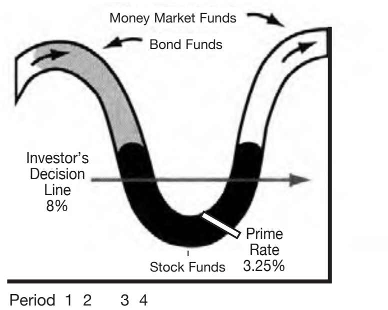
Eligible households may receive up to 12 months of assistance, plus an additional 3 months if the grantee determines the extra months are needed to ensure housing stability and grantee funds are available. The payment of existing housing-related arrears that could result in eviction of an eligible household is prioritized. Assistance must be provided to reduce an eligible household's rental arrears before the household may receive assistance for future rent payments. Once a household's rental arrears are reduced, grantees may only commit to providing future assistance for up to three months at a time. Households may reapply for additional assistance at the end of the three-month period if needed and the overall time limit for assistance is not exceeded.

In general, funds will be paid directly to landlords and utility service providers. If a landlord does not wish to participate, funds may be paid directly to the eligible household. These funds must be used for direct financial assistance, including rent, rent that is past due, utilities and home energy costs, utilities and home energy costs that are past due, and other expenses related to housing.

Where do I apply? The first step is the Department of Treasury is working with state and local governments to get the funds to them. Next, the state or local government will establish the programs for you to apply through. So stay tuned. In the meantime, there may also be state or local rental assistance programs available, depending on where you live. Two places you can start are: www.LegalFAQ.org and www.Benefits.gov The CARES ACT provides aid for homeowners as well. Go to www.consumerfinance.gov for more info on mortgage and homeowner assistance.

The Money Movement Strategy

Prime Rate Chart for Money Movement Strategy



Long-Term Direction: Level
Monthly Change: 0.00%

How It Works

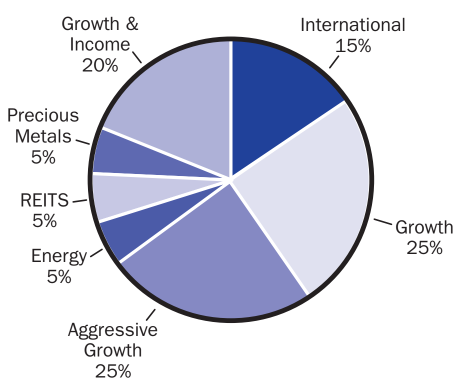
Long-term increases or decreases in the value of stocks, bonds and money market instruments are caused by changes in interest rates, primarily the Prime Rate. Of the three categories of mutual funds — stock, bond, or money market, there is only one type of investment that will give you above-average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

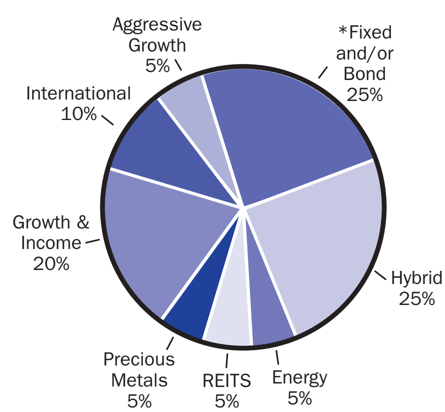
Aggressive

Keep all mutual funds and retirement money in stock funds.



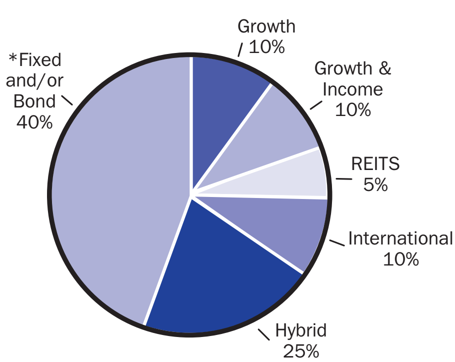
Moderate

Keep most mutual funds and retirement money in stock funds.



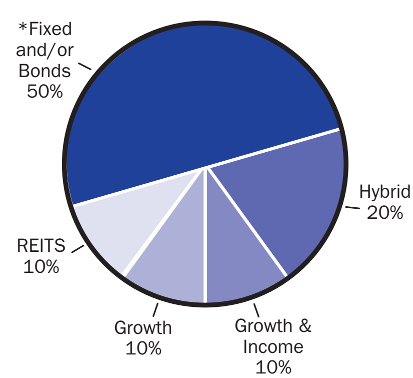
Conservative

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 10/31/20 1 Year % Change	5 Year % Change	10 Year/ % Change	Expense Ratio
Aggressive Growth							
BNY Mellon Small Cap Index	DISSX	Buy	1.56	-8.01	5.96	9.95	0.50
Kinetics Paradigm No Load	WWNPX	Buy	-6.24	-13.72	6.69	7.75	1.64
Needham Growth	NEEGX	Buy	-1.05	22.73	11.81	10.74	1.98
Schwab Hedged Equity Select	SWHEX	Buy	-3.92	-9.33	1.04	4.44	1.92
Value Line Small Cap Opp	VLEOX	Buy	1.11	7.38	10.18	12.86	1.19
Growth							
American Century Mid Cap	ACMVX	Buy	0.56	-7.31	5.56	9.69	0.98
BNY Mellon MidCap Index	PESPX	Buy	2.19	-1.66	6.87	9.83	0.50
Harbor Mid Cap Growth Inv	HIMGX	Buy	6.66	45.18	19.54	15.62	1.25
Janus MidCap Value T	JMCVX	Buy	1.41	-10.53	4.90	7.02	0.99
Neuberger Berman Partners Inv	NPRTX	Buy	-1.45	-4.50	8.45	8.99	0.87
Selected American Shares	SLASX	Buy	2.65	1.21	7.52	9.47	0.98
American Century Small Cap Value	ASVIX	Hold	4.92	-9.84	4.58	7.97	1.25
Growth & Income							
American Century Equity	TWEIX	Buy	-0.54	-5.48	7.73	9.10	0.92
American Century Large Value	ALVIX	Buy	-0.19	-6.28	5.64	9.18	0.84
Fairholme	FAIRX	Hold	14.23	13.27	2.95	4.58	1.00
Parnassus Equity Income Inv	PRBLX	Buy	1.67	12.65	11.85	13.04	0.86
Janus Contrarian	JSVAX	Buy	7.72	17.28	11.00	9.57	0.81
T. Rowe Price Equity Income	PRFDX	Buy	-1.09	-11.29	5.34	6.07	0.64
Hybrid							
American Century Balanced	TWBIX	Buy	-0.90	7.54	7.50	8.33	0.91
James Balanced Golden Rainbow	GLRBX	Buy	-0.67	-1.63	0.87	4.00	1.08
Oakmark Equity & Income	OAKBX	Buy	1.88	1.03	5.01	6.69	0.81
Pax Sustainable Individual Inv	PAXWX	Buy	0.66	9.20	7.69	7.66	0.92
Permanent Portfolio	PRPFX	Buy	-1.13	11.47	6.79	4.20	0.85
Value Line Asset Allocation Inv	VLAAX	Buy	-0.27	9.70	10.38	10.76	1.08
International							
American Century Intl Growth	TWIEX	Buy	2.54	13.89	7.09	6.49	1.18
Artisan International Inv	ARTIX	Buy	-3.30	-1.24	4.93	6.06	1.19
Matthews China Investor	MCHFX	Hold	7.36	47.23	16.17	7.07	1.09
William Blair Intl. Growth	WBIGX	Buy	3.82	19.17	8.05	6.45	1.45
T. Rowe Price Emerging	PRMSX	Buy	2.31	26.14	11.78	19.67	0.76
Sector Funds							
American Century Real Estate Inv	REACX	Buy	-5.96	-19.76	3.02	7.73	1.16
Cohen & Steers Realy Shares	CSRSX	Buy	-3.96	-13.95	4.87	8.37	0.89
T. Rowe Price Health Sciences	PRHSX	Buy	2.31	26.14	11.78	19.67	0.76
USAA Precious Metals/Minerals	USAGX	Sell	-13.23	34.37	18.35	-4.24	1.19
US Global Investors Global Res	PSPFX	Hold	-1.68	10.22	1.51	-5.26	1.58
Bond Funds							
American Century Infl-Adj Bond	ACITX	Buy	0.08	8.26	3.86	2.65	0.47
Fidelity Capital & Income	FAGIX	Buy	1.22	3.53	6.08	6.43	0.67
Janus Flexible Bond	JAFIX	Buy	-1.02	8.34	4.20	3.91	0.69
Loomis Sayles Bond Retail	LSBRX	Buy	-1.13	-2.18	3.08	3.91	0.92
Pax High Yield Bond Indv Inv	PAXHX	Buy	0.40	5.52	5.48	4.82	0.96
American Century Sh-Dur Bd fund	APOIX	Buy	0.77	4.15	2.27	1.58	0.57
Western Asset Core Bond	WATFX	Buy	-1.22	6.97	4.94	4.53	0.45

* 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.

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It's that Time of Year Again

Last year was a great reminder that there are happenings around us and in the financial markets that are simply out of our control. As investors, we understand that markets are unpredictable in the short-term, but have confidence that over the long-term our patience and investing acumen will lead us to earning a rate of return that exceeds what we might earn in safe money alternatives (savings accounts, CDs, etc.) and help us achieve our financial goals. With that said it's important to make sure that we are staying on top of the things we can control; doing your best to build a properly diversified portfolio; keeping an eye on investment expenses; and rebalancing your holdings periodically to make sure they reflect your current risk/reward appetite.

So here we go again, revisiting the concepts of Asset Allocation and Rebalancing. As a quick refresher, "Asset Allocation" is the process of creating an investment portfolio that combines different assets (Stocks, Bonds & Cash) in varying proportions, with the ultimate goal of providing an investor with a balance between risk and reward that suits their particular situation. This approach was born from research that demonstrates that over long periods of time, Stocks, Bonds and Cash perform quite differently from one another, and as such, an investor's mix of these assets proves to be a significant factor in their long-term results.

The benefits of balancing risk and reward by dividing their investments among major asset categories such as Stocks, Bonds, and Cash equivalents has long been recognized by experienced investors. Because each of these assets can and will react quite differently to ever-changing economic and market conditions, diversifying a portfolio among various assets can help reduce volatility, and also has the potential to enhance overall returns.

For example, let's assume that after much thought and a careful evaluation of current personal financial conditions and future financial goals, an investor decides that an appropriate asset allocation schedule calls for them to direct 60% of their investments into Stocks, 30% into Bonds, and 10% into Cash or Money Markets. Let's call this the "base setting". This may be a great start, and will hopefully set an investor on the road to long-term success. However, the selected investments will almost certainly change in value at different rates. For instance, in any given time frame, Stocks may perform notably better or worse than Bonds and/or Cash. As a result, the percentage of the overall portfolio each investment represents can and will change … sometimes significantly so.

If left untended, after periods in which the assets owned perform significantly different from one another, a portfolio may end up with an asset allocation schedule, and importantly, a risk/reward profile, that is quite different from its original design.

This leads us to the simple but effective idea of "Rebalancing". Rebalancing is the process of making adjustments (buys and/or sells) to the portfolio to bring the asset allocation schedule back to its "base setting". And although there are no hard and fast rules as to how often an investor should rebalance their portfolio, a minimum of once per year is recommended.

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.

Ted Black, CFP®
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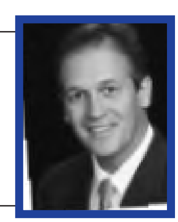

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___ College Funding for my children/family
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___ Review of 401(k), 403(b) or other retirement plan
___ Investing in Mutual Funds
___ Transferring or Rollover of IRA or retirement account
___ Review of my Investment Portfolio
___ Where to invest in 2021

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___ $10,001 - $50,000
___ $50,001 - $100,000
___ $100,001 - $500,000
___ $500,001 +

Investment Goals:

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From the Financial Hotline

Call, fax or e-mail for answers to all your financial questions.

Q: Do I owe taxes on social security income?

A: Your income and filing status affect whether you must pay taxes on your Social Security. An easy method of determining whether any of your benefits might be taxable is to add one-half of your Social Security benefits to all of your other income, including any tax-exempt interest.

Next, compare this total to the base amounts below. If your total is more than the base amount for your filing status, then some of your benefits may be taxable. For tax year 2020, the three base amounts are: $25,000 for single, head of household, $32,000 for married couples filing jointly and $0 for married persons filing separately who lived together at any time during the year.

If you are filing an individual federal tax return and your combined income (adjusted gross income + nontaxable interest + 1/2 of your Social Security benefits) is between $25,000 and $34,000, you may have to pay income tax on up to 50 percent of your benefits. If it is more than $34,000, up to 85 percent of your benefits may be taxable.

If you are filing a joint federal tax return and you and your spouse have a combined income ((adjusted gross income + nontaxable interest + 1/2 of your Social Security benefits) that is between $32,000 and $44,000, you may have to pay income tax on up to 50 percent of your benefits. If it is more than $44,000, up to 85 percent of your benefits may be taxable. Married taxpayers filing separate tax returns generally pay taxes on their full benefits.

Q: Do I owe I turned 65 last year. Are there any additional tax benefits that apply now that I am a Senior Citizens?

A: Yes, here are some you may be able to claim

- If you and/or your spouse are 65 years old or older and do not itemize your deductions, you can take advantage of a higher standard deduction amount. There is an additional increase in the standard deduction if either you or your spouse is blind.
- Filers who are either 65 years or older--or under age 65 years old and are permanently and totally disabled--may be able to take the Credit for Elderly or Disabled. You can take the credit only if you meet the following:

  In 2020, your adjusted gross income (AGI) must be less than $17,500 ($20,000 if married filing jointly and only one spouse qualifies), $25,000 (married filing jointly and both qualify), or $12,500 (married filing separately and lived apart from your spouse for the entire year) Plus, the nontaxable part of your Social Security or other nontaxable pensions, annuities, or disability income is less than $5,000 (single, head of household, or qualifying widow/er with dependent child); $5,000 (married filing jointly and only one spouse qualifies); $7,500 (married filing jointly and both qualify); or $3,750 (married filing separately and lived apart from your spouse the entire year).
- Retirement Account Limits Increase. Once you reach age 50, you are eligible to contribute (and defer paying tax on) up to $26,000 in 2020 (and in 2021). The amount includes the additional $6,500 "catch up" contribution (2020 and 2021) for employees aged 50 and over who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan.
- Once you reach age 59 1/2, there is no longer a penalty for early withdrawal from your IRA. Furthermore, if you leave or are terminated from your job at age 55 or older (age 50 for public safety employees), you may withdraw money from a 401(k) without penalty. You will, however, still have to pay tax on the additional income.
- Taxpayers who are 65 and older are allowed an income of $1,650 more ($2,600 married filing jointly) in 2020 before they need to file an income tax return. In other words, older taxpayers age 65 and older with income of $14,050 ($27,400 married filing jointly in 2020 or less may not need to file a tax return.

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