For the Week of November 9, 2020

THE MARKETS

Amid uncertainty surrounding the presidential election, U.S. stocks closed mostly flat Friday. But Wall Street saw its best weekly gains since April. For the week, the Dow rose 6.89 percent to close at 28,323.40. The S&P gained 7.36 percent to finish at 3,509.44, and the NASDAQ climbed 9.05 percent to end the week at 11,895.23.

Returns Through 11/06/20	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	6.89	1.13	5.50	8.87	12.27
NASDAQ Composite (TR)	9.05	33.59	42.80	21.83	19.54
S&P 500 (TR)	7.36	10.33	16.26	12.83	13.08
Barclays US Agg Bond (TR)	0.49	6.83	7.24	5.14	4.35
MSCI EAFE (TR)	8.11	-3.57	-0.53	1.28	4.79

Source: Morningstar.com. *Past performance is no guarantee of future results. Indexes are unmanaged and cannot be invested into directly. Three- and five-year returns are annualized. The Dow Jones Industrials, MSCI EAFE, Barclays US Agg Bond, NASDAQ and S&P, excluding "1 Week" returns, are based on total return, which is a reflection of return to an investor by reinvesting dividends after the deduction of withholding tax. (TR) indicates total return. MSCI EAFE returns stated in U.S. dollars.

Best Ever — The U.S. economy, expressed as an annualized result, rose a record 33.1 percent in the third quarter of 2020. The economy, as of Sept. 30, is actually only 7.41 percent larger than the size of the economy as of June 30 after removing the impact of inflation. A 7.41 percent gain occurring for four consecutive quarters, equals a 33.1 percent annualized advance (source: Department of Commerce, BTN Research).

The Most Paid — The maximum Social Security benefit paid to a worker retiring at full retirement age in 2021 is $3,148 per month, more than double the $1,536 per month maximum benefit paid in 2001 (source: Social Security BTN Research).

Not All Income — The maximum taxable wage base subject to the Social Security payroll tax will be $142,800 in calendar year 2021. An estimated 82.5 percent of earnings of all U.S. workers will be subject to the Social Security payroll tax next year, a levy that is 6.2 percent for employees and 6.2 percent for employers (source: 2020 Trustees Report, BTN Research).

WEEKLY FOCUS – Long Term Care Awareness

Since 2001, November has been designated Long Term Care Awareness Month, a time to educate Americans on the growing need for long term care (LTC) and potential ways to pay for it. The American Association for Long Term Care Insurance (AALTCI) estimates 14 million citizens currently require long term care support services and predicts that number will grow to 27 million by 2050.[1]

It's no secret long term care can be very expensive. According to Genworth's 2019 Cost of Care survey, the average monthly costs are $7,513 for a semi-private nursing home room, $4,051 for a one-bedroom assisted living apartment, and $4,385 for a homemaker/health aide (at 44 hours a week).[2] Individuals pay for these expenses in a variety of ways.

Long term care insurance is usually most cost effective if purchased before turning 60. According to AALTCI, the average annual premium in 2020 for a healthy couple, both 55-years-old, is $3,050.[3] Often more affordable, **short-term insurance** typically pays $100 to $200 a day for healthcare coverage for a year or less. The AALTCI reports an average monthly premium at age 65 is $105.[4] These policies may be easier to obtain and have a short or no elimination period.

People who dislike the idea of paying premiums for something they may never use sometimes turn to an **annuity** with a long term care rider, a deferred fixed annuity (which doesn't pay distributions until a certain age is reached), or a **life insurance** policy with an LTC rider or accelerated death benefit riders, which can be used for long term care.

Still other individuals prefer **self-funding** potential LTC needs. Considering the average nursing home stay is over two years, this option requires discipline and good fortune. Maximizing yearly contributions to HSA and IRA accounts can help.

While all of us hope we never need long term care, it's best to plan for the unplanned. I would be happy to meet with you to review your plan for long term care funding and discuss changes you might consider to prepare for this possibility.

[1] https://www.aaltci.org/about/long-term-care-awareness-month-2020.php
[2] https://www.genworth.com/aging-and-you/finances/cost-of-care.html
[3] https://www.aaltci.org/news/long-term-care-insurance-association-news/2020-long-term-care-insurance-price-index-released-for-age-55
[4] https://www.aaltci.org/short-term-care-insurance/

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* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE Index) is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 20 European and Pacific Basin countries and includes reinvestment of all dividends. Barclays Capital Aggregate Bond Index is an unmanaged index comprised of U.S. investment-grade, fixed-rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and 10 years.

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