EIG®
Ellenbecker Investment Group

In Touch

Since 1996

3rd Quarter 2020

Change of Plans?

There has been a lot of uncertainty during the last few months, causing many of us to rethink our short-, mid- and long-term plans. We have had to rethink our travel plans, holiday get togethers, schooling for children and grandchildren, shopping, entertainment, working from home, healthcare and so much more. Is it time to rethink investment and retirement goals as well?

Many of our clients have asked me if they can still retire, remodel a kitchen or take the big vacation they were planning. The answer for our clients is YES! When we create a financial plan, we do it with intention, taking into consideration all things that could require a modification down the road. Having a well thought out plan is a method of achieving your financial goals while working out the details beforehand. It requires thinking of every possible risk and trying to mitigate that risk in advance.

The type of volatility and uncertainty we have been experiencing was not unexpected. Although we never know exactly what is going to drive the market downward, when it will happen or how long it will last, we do know this is how markets work. Markets go up and down. Our goal is not to make high returns every single year or to avoid all volatility because we know that would be unrealistic and unattainable. Our goal is to make sure you can sleep at night and that we never have to sell an investment while it is down. Our goal is to manage risk so your plans don't have to change because of something you have no control over... like the markets.

If something fundamental has changed with you or your family, we will want to revisit your plan to see if your goals still make sense for you. If something happens economically, the best part of having a plan is that we are prepared to weather the period of uncertainty.

I have shared this story several times in the past and think enclosing it is a worthy reminder to the value of preparation and planning, even as it relates to your investment portfolio.

Julie Ellenbecker-Lipsky, CFP®
President and Senior Wealth Advisor
Ellenbecker Investment Group

Sleeping Through the Storm:

A young man applied for a job as a farmhand. When the farmer asked for his qualifications, he said, "I can sleep when the wind blows." This puzzled the farmer. But he liked the young man and hired him. A few days later, the farmer and his wife were awakened in the night by a violent storm. They quickly began to check to see if all was secure. They found that the shutters of the farmhouse had been tightly fastened, a good supply of logs had been set next to the fireplace, and the young man slept soundly. The farmer and his wife then inspected their property. They found that the farm tools had been placed in the storage shed, safe from elements. The tractor had been moved into the garage. The barn was properly locked. Even the animals were calm. All was well. The farmer then understood the meaning of the young man's words, "I can sleep when the wind blows." Because the farmhand did his work loyally and faithfully when the skies were clear, he was prepared for the storm when it broke. So when the wind blew, he was not afraid. He could sleep in peace.

The first half of the year has certainly been interesting from a market perspective and this is a perfect opportunity to let our hard work, comprehensive planning and discipline pay off. We are in the office and happy to take your calls if you want to discuss your personal portfolio in more detail. ■

Scan this code to visit *moneysenseradio.com* and listen to the Money Sense radio show with Karen & Julie.

Conversations with a Purpose

Karen J. Ellenbecker
Founder & Senior Wealth Advisor
Ellenbecker Investment Group

Like many of us, I had a lot of time on my hands during the recent pandemic and listening to the news was exhausting and debilitating.

One morning, during a quick grocery store visit, a woman shopper shouted at me "Can't you read? You are going the wrong way!" I was startled and obviously not paying attention. Sheepishly, I quickly turned my cart around and went down the opposite aisle correctly. I hadn't realized that the shopping aisles had become one way only. Shortly after that experience, I witnessed a man going the wrong way down my aisle. My first reaction was to make him aware of his mistake but instead I paused and realized that I was picking up on the other woman's frustration and fear. Her feelings were not my feelings, but I was being affected by the sensationalism and fear tactics that the media was using to build their viewership. Trying to figure out what was really going on was like trying to take a drink out of a firehose. I was exhausted and feeling things I had not felt before... isolation, boredom, sadness, confusion and fear. I also couldn't stay away from the refrigerator! Something had to change.

I started with turning off the TV. I wondered what else I could do to alleviate some of the stress and fear surrounding the COVID-19 impact on our families, community and businesses. I decided to restructure our radio show "Money Sense". For the last thirty years, Money Sense has been committed to providing education and solutions on all aspects of our lives. I had the ability to host "Conversations with a Purpose" that would allow me to delve into the issues that the media only had a chance to highlight. I decided to reach out to local and national centers of influence as well as local business owners to establish a deeper understanding of the issues impacting us from COVID-19. I was committed to providing solutions that would help individuals understand what was at stake and how they could proceed with knowledge and confidence. One of my favorite expressions is "live by what you trust, not by what you fear" and education is the only way we can feel strong enough to accomplish that. Having more knowledge leads us to confidence and propels us to move forward with change.

This special series of "Money Sense" features guests such as a futurist, economist, physician, psychologist as well as local Milwaukee business professionals. We are lucky to hear their perspective on how to apply their insight and expertise to your financial future. ■

QR Code Instructions

You will notice new QR codes in this edition of our newsletter. The codes help direct you to recordings and websites by scanning over them with your electronic device. To do so:

- Open the camera app on your phone or tablet like you are going to take a photo.
- Put the QR code in the middle of your screen like you are about to take a photo of it.
- A link should pop up before you take the photo that recognizes the code and asks if you would like to click through to the link.

Enjoy!

Hover your phone's camera here to listen to past shows on our website.

Listen on demand from our website at *ellenbecker.com/moneysense* or by searching "Money Sense" on Apple Podcasts, Google Play, Spotify or Stitcher.

Listen on Apple Podcasts | Available on Spotify | Available on Stitcher | GET IT ON Google Play

Emergency Funds 101

Jean Range, CFP®
Senior Wealth Advisor
Ellenbecker Investment Group

"Surprise - Happy Birthday." We can all look back with fond memories of our own or a friend's surprise party. But, not all surprises bring happy memories. Remember the time you were surprised to learn your furnace broke or the time you needed dental work? These are surprises with financial worries attached to them.

Take a moment to reflect – if you incurred a financial surprise today, would you have the resources to cover the expense? Based on a 2019 Bankrate survey, about 28% of Americans had no emergency savings. Another 25% of respondents said that the cash they had on hand would last less than three months in a financial crisis.[1]

Daily news reports share the stories of all the financial challenges families are facing. There have been many lessons learned from this virus including to be prepared for the unexpected. During my client meetings, I often take a moment to discuss the client's "sleep well at night" money – an emergency cash fund ready to be used for the unexpected surprises of life. The balance in this account will vary from client to client but the purpose is the same.

How much should I have in my emergency fund?
There is not a one size fits all answer. Typically, you want about 3–6 months of your monthly living expenses available and easily accessible. This could be saved in a conservative after-tax investment account, Home Equity Line of Credit or a savings account. However, if you do not feel secure in your career or position, you will want to have a larger balance than someone who is not concerned about losing their paycheck. I advise against thinking of your credit card as an emergency fund. Not only will the balance due have to be paid back but now you will owe interest. The interest rate on a credit card can be significant.

Where should I save this money?
Work with your advisor to determine the best place to save your emergency fund. This account should be deposited in an account this is easily accessible, very liquid and not subject to market volatility. This account should be separate from all your other monies.

How do I get started?
An automatic monthly deposit into this account is a seamless way to accumulate a meaningful balance. Here are a few suggestions to free up some cash to commit to the monthly deposit into the emergency account fund:

– Start making your coffee at home instead of heading to the local barista.
– Take an inventory of items in your home you no longer need/use and sell them.
– Save your loose coins for a couple months. It adds up over time!
– Save your tax refund.
– Get a seasonal or part-time job.
– Challenge yourself to work an extra shift/overtime.

Think of the monthly deposit into this account as a monthly obligation just like your mortgage and energy bills. If this concept causes stress and is overwhelming, think of the stress and angst of facing a financial surprise and not having the resources to cover it. Life happens, be prepared for the unexpected and start saving today. ■

1. Bankrate.com, July 1, 2019

Source: ***Emergency Fund 101, Megan Nye - Thrivent***

A Personal Note from our President

A personal note from our President, Julie Ellenbecker-Lipsky, that was recently shared with our team:

I have an immense amount of pride and responsibility as a business owner, parent and community member to stand strong and resilient in the face of challenges and help those around me do the same. We all have the responsibility as leaders to stand up for each other and what is right.

Ellenbecker Investment Group was built on the foundation of our guiding core values. Many of us cannot understand the complexities in our community, specifically in our black communities, but we can stand together, listen and speak up.

Today I am encouraging everyone to dig deep and use your guiding core values of education, respect and philanthropy to help the community that needs us the most right now. Take some time to think about each core value and commit to stretching, growing and spreading the positive and healthy energy outside of work and your personal community.

The EIG Charitable Foundation commits to supporting charities that tirelessly work to promote justice and social change.

You don't have to be perfect – just be better than yesterday and expect the same from those you surround yourself with.

– Julie

Accidental Death Insurance

What is it and How Does it Fit Your Insurance Planning Strategy?

Diane Gastrow
Director of Insurance Planning
Ellenbecker Investment Group

My role at Ellenbecker Investment Group is to help you determine what life, disability and long-term care insurance makes sense for you, your family and your overall financial plan. Today I want to provide some insight on Accidental Death Insurance so you know if it could add value to your risk management plan.

I don't want to bury the lead, so you should know that an Accidental Death Benefit policy would not pay out a benefit for 94% of all deaths in the United States. According to the Center for Disease Control National Vital Statistics Report from June 24, 2019, accidents are the third leading cause of death in the U.S., behind heart disease and cancer. They account for 6% of all deaths.

Accidental Death Insurance generally covers loss of life resulting from accidents such as a fall, car or bike crash or drowning. Many policies include a dismemberment provision that pays out a living benefit if you are in an accident that results in paralysis, or a loss of sight, speech, hearing or a limb. They generally do not cover fatal accidental injuries caused by surgery, mental or physical illness.

Typically, the plans cost less than a term life insurance policy and do not require medical underwriting. They may be a good alternative for someone that would not qualify for a a fully underwritten life insurance policy or that has a severely limited budget. Some protection is typically better than no protection.

For those that can qualify for a fully underwritten policy, I recommend that you start your life insurance strategy with a traditional term or permanent life policy that pays out a death benefit, regardless of the cause of death. Then, if you choose, you can add on an extra layer of protection with the Accidental Death Benefit policy.

Accidental Death and Dismemberment Insurance is often provided through employer-sponsored plans. You will also see offers for coverage from many associations or groups such as your credit union, AAA or AARP.

Let me know if you have any questions on this coverage or would like to discuss your specific situation and what makes the most sense for you. ■

Scan this code to visit *moneysenseradio.com* and listen to the Money Sense radio show with Diane Gastrow.

Shredding and Recycling Day

Saturday, July 11th | 9am-12pm

Ellenbecker Investment Group, Pewaukee Parking Lot
N35 W23877 Highfield Court
Pewaukee, WI

No CRT (tube) TV's or monitors

ON-SITE PAPER SHREDDING
Up to three boxes.

ELECTRONICS RECYCLING
See ***ellenbecker.com/events*** for a list of acceptable items.

EYEGLASS / HEARING AID DONATIONS
Help support Lions Club International by collecting used, yet usable, eyeglasses and hearing aids.

Keeping Up With Your Finances

Jamie Williams, CFP®
Wealth Advisor
Ellenbecker Investment Group

Staying organized and monitoring your household finances is one of the most important aspects of your planning. Reviewing where key items are regularly, or at least annually, within your household is a recommended best practice. This can be a sensitive topic for some, but if done thoughtfully in an appropriate setting, it can alleviate concerns and foster positive outcomes. Set expectations for enjoying the best that life can bring from making vacation plans to funding a comfortable retirement.

Here are a few helpful ideas that might help with staying current and framing your finances:

Establish a Personal Balance Sheet
One of the great benefits is seeing your assets, liabilities and net worth in one place. This will also allow you to gain an understanding of your entire financial picture and is a useful tool when working with your advisor. When it comes to real estate or other debt, the balance sheet can help structure the best scenario around managing debt relative to your current scenarios. This will also give you a sense of how you might approach funding your investment strategies overall.

Simplify with Consolidation
Set things up in a way to make it easier for you to keep track and manage your finances efficiently – simplify! People tend to accumulate accounts, from checking to brokerage to 401K's from former employers. Putting things together can help make sure your money is properly allocated.

Leverage Technology and Go Paperless
There are seemingly limitless avenues to access the information you need online today. It is important to maintain perspective on items you might view as a priority in terms of what you would like to receive in hard copy versus online. It will certainly eliminate clutter and is a sustainable approach for the environment. You may find it favorable to move in that direction.

Working with your advisor and being diligent with where things stand over time will help create good habits and long-term financial success. Financial planners view these items as an essential element with their clients and allows for creating a clear path for moving forward. The benefits of organizing your financial life can be very rewarding when you put in the effort, craft your plan and be flexible along the way. ■

Focus On What You Can Control

Anne Mank, CFP®, CPA
Wealth Advisor
Ellenbecker Investment Group

Where will you be in five years?.

Anyone who asked that question in July of 2015 would not have guessed correctly. Who would have imagined that we would be where we are today? It reminds me that I need to focus on the things I can control because so much is out of our control. Here are three simple things you can do today to control your emotions and environment.

Gratitude – There is so much we can still be grateful for during this time. Take a moment each morning to think about one or two things you are grateful for. They can be big or small, but the important thing is that you are training your mind to find the good instead of focusing on the bad. You are building a habit of happiness.

Silence – How often do you take a moment to just sit and be in the moment? It could be a few minutes meditating or maybe it is sitting outside having your morning coffee. Before COVID-19, my mind was always racing to the next thing I needed to do or the next place I needed to be. Having to stay at home forced me to slow down and calm my mind – even if it is just for a moment.

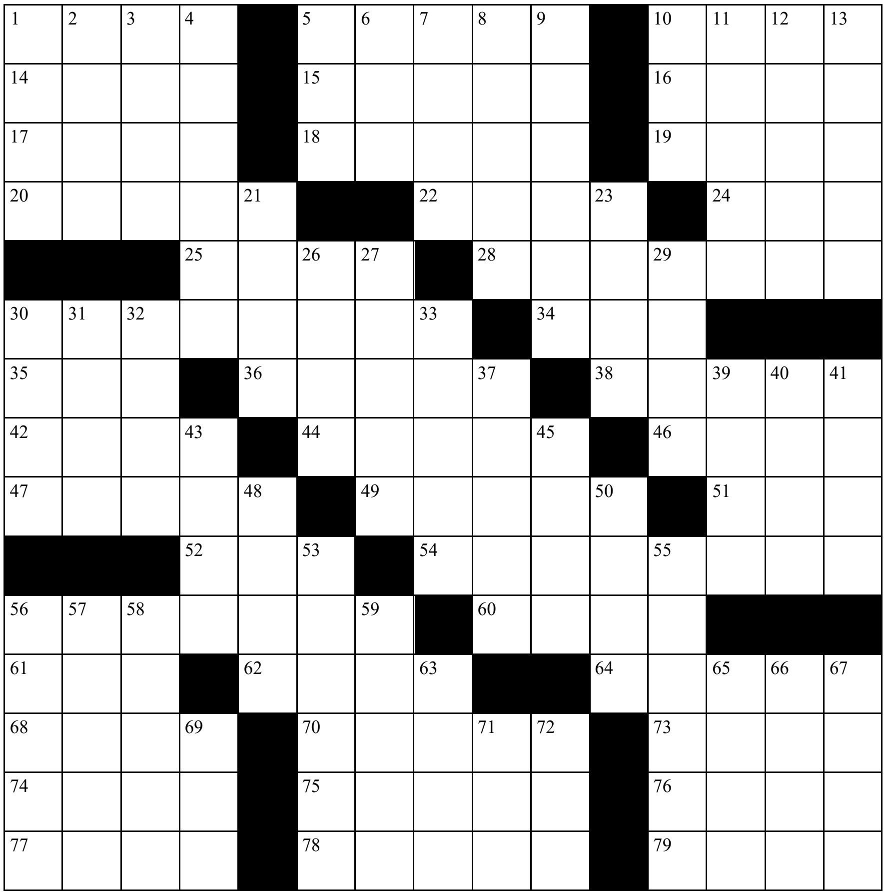
Giving – Who needs you to be your best today? When we take the focus off ourselves and think about how we can serve others, it helps relieve stress and focus on things that are really important to us like family or community. We have all heard it is better to give than receive and now is the time to live that way.

The only constant in life is change, but these tools might help you navigate those changes in a more joyful way. ■

Scan this code to visit *moneysenseradio.com* and listen to the Money Sense radio show with Anne Mank.

Crossword Puzzle: National Parks

For crossword solutions, visit *ellenbecker.com/p/newsletter*.



Kelly Whitt
Insurance Advisor Associate
Ellenbecker Investment Group

To listen to the recording of our June 16 Armchair Travelers: National Parks, email Lauren Alles at lauren@ellenbecker.com.

Across
1. National Park in Utah with a hike through the Virgin River called The Narrows
5. ___ Sands National Park, one of the newest national parks, and the first for New Mexico
10. ___ Verde National Park preserves thousand-year-old cliff dwellings
14. Prefix meaning field or soil
15. Actor Quinn
16. Savings for the golden years (abbr.)
17. Equal
18. Anthem writer Francis ___ Key
19. Mama's hubby
20. Childish show of displeasure
22. Found in a tackle box
24. Noisy type of dance
25. Solo in an opera
28. ___ Cave National Park is home to the world's longest cave system
30. National Park in South Dakota with a dry, daunting landscape
34. "As American as apple ___"
35. "Four score and seven years ___"
36. Gentlemen
38. One of the 5 senses
42. Respiratory organ
44. Teen heart throb Horan
46. Drop indicating sadness
47. Untrusting
49. Spring activity
51. Device used to see inside the body (abbr.)
52. Focus on a target
54. National Park in CA home to Half Dome
56. National Park with mountains, rain forests, and ocean-front beaches
60. Often-controversial animal rights group (abbr.)
61. Chairman ____ Zedong of China
62. Break quickly
64. Cosmetics co. Elizabeth ___
68. "I've fallen ___ can't get up" (2 wds.)
70. Dress designer ___ Turk
73. *Felicity* Actress Russell
74. Requirement
75. Ending for dancers The Rock- or major-
76. Madison to Milwaukee direction
77. ___ Royale National Park sits in Lake Superior and is home to many moose
78. ___ Valley National Park is the hottest, lowest, and driest place in North America
79. Joshua ___ National Park is home to many rare plants

Down
1. Microwaves
2. "___ a Kick Out of You" by Frank Sinatra (2 wds.)
3. Black and white cookie
4. City next to Bloomington, IL
5. *Britt-Marie ___ Here* by Fredrik Backman
6. Sound made by a diaphragm spasm
7. Superstar
8. Actor Channing of *21 Jump Street*
9. Snare or trick
10. Prefix meaning center
11. Muse of poetry
12. Former Egyptian leader Anwar
13. Old Testament name
21. Baby buggy
23. Radiate
26. ___ instant (at once, 2 wds.)
27. Off the cuff (2 wds.)
29. Pork or beef
30. Word after wrecking or curve
31. Fever
32. Finished
33. Mattress brand
37. Type of sailboat
39. Prefix meaning half
40. Type of pastry
41. One of the Great Lakes
43. Weight measurement
45. Fail
48. Slang for an athlete falling apart
50. Prefix for physical or morphosis
53. Newly ___ (created)
55. Word after stock or housing
56. Native of Muscat
57. What a bowling alley has
58. Swiss-style song
59. A la ___ (ordering by single items)
63. Type of bread for sandwiches
65. First word in a letter
66. Scottish
67. Simplified spelling for evening
69. Chemical suffix, ex. ox- and sulf-
71. After expenses
72. It could be volcanic

Giving Back in a Crisis

Generosity is a core value to many but with uncertainty and the fast pace of change in the pandemic, it can be hard to make decisions on giving back. At the same time, charitable organizations expect an average 38% revenue decline and a 23% increase in demand for their services, according to a Charity Navigator study (April 2020). Staff and budgets are stretched and the community can be left without needed support. For anyone wanting to help, there are some changes and strategies to consider as you plan your giveback.

The CARES Act, passed in March 2020, provided temporary tax incentives for charitable giving for 2020. An above-the-line deduction of up to $300 ($600 for joint returns) is in place for charitable gifts for taxpayers that itemize or take the standard deduction. For itemized deductions, the limit on cash donation deductions is 100% of adjusted gross income (AGI) but remains at 60% for donations to donor-advised funds. While required minimum distributions (RMDs) are suspended for 2020, qualified charitable distributions (QCDs) from IRAs are allowed for taxpayers age 70½ and older. QCDs are IRA withdrawals that go straight to a qualified charity tax-free. The CARES Act increased the charitable deduction for corporations to 25% of taxable income and deductions of food inventory donations for businesses to 25% net income.

Many charities had to pivot quickly to address the changing needs and adapt programs to fit within COVID-19 restrictions. Social distancing, limits on gathering and stringent hygiene practices forced organizations to change programs, temporarily close and/or limit volunteers. Thus, it is important to reach out and learn how you can best support the organization. Cash, instead of in-kind donations, provides flexibility to quickly adjust to the needs of the community. Some organizations have COVID-19 response funds for issues related to the virus.

To volunteer your time and talent, many traditional on-site opportunities have been replaced with at-home options – sewing masks, making calls or holding virtual fundraisers on social media. Creative, administrative and professional skills are desirable for boards and committees.

For fundraising events that have been cancelled, you can forego your refunds, or participate in virtual events.

Other ways to give back are closer to home. People in your own neighborhood or family may need help getting groceries or supplies, or just a listening ear. Sidewalk chalk art can brighten spirits of passersby. Support local businesses through patronage, pay-it-forward funds, virtual tip jars, etc. to keep local workers employed and businesses afloat.

To help and support others, you need to be your best self. Spend time in nature, get plenty of rest, talk to friends and be kind to yourself. ■

Heather Deaton, CFP®
Wealth Advisor
Ellenbecker Investment Group

Listen to Heather Deaton on Milwaukee's Philanthropic Community featuring Fondy Food Center.

Hover your phone's camera here and scan to listen.

FONDY food center

CARES Act Provides 2020 Tax Relief

Sandra Geisler, CPA
Director of Tax Planning
Ellenbecker Investment Group

Recent legislation known as The Coronavirus Aid, Relief, and Economic Security Act ("the CARES Act") is aiming to battle COVID-19 and mitigate the related economic harm for families, workers and businesses. It's the largest stimulus package in history, with an estimated cost of $2.2 trillion. Let's focus on some of the ways individuals will be impacted by the CARES Act: required minimum distributions (RMDs), 401(k) distributions and loans, recovery rebates, unemployment benefits and charitable giving.

RMDs
Beginning this year, the age for required minimum distributions (RMDs) to begin for retirement-account owners increased to 72 years, from 70½. The CARES Act allows most retirees to forgo taking RMDs in 2020.

The coronavirus-relief package temporarily waives RMDs this year, regardless of your impact from the virus, from company plans like a 401(k) and 403(b) or IRAs. That's welcome relief for retirees who might otherwise have had to pay taxes on distributions from portfolios that are down from near-record highs of Dec. 31, 2019, the date by which RMDs for 2020 are calculated.

Coronavirus-Related Distributions
The CARES Act eliminates the 10% penalty on an early withdrawal from a retirement account for up to $100,000 of distributions for coronavirus-related purposes made on or after January 1, 2020. Either the account owner or their spouse or dependent need to have been officially diagnosed with coronavirus, or the plan owner must have experienced "adverse financial consequences" because of the virus to qualify for the relief.

If you take a coronavirus-related distribution, you can either report the distribution as ordinary income ratably over a three-year period beginning in 2020 or you can recontribute the funds to a retirement plan within three years to avoid tax on the withdrawal altogether. Keep in mind that recontributing the funds will require an amended tax return for the year of the withdrawal.

Recovery Rebates – Economic Impact Payments
The CARES Act also provides for individual recovery rebates to be paid based on one's individual income set forth in 2018 or 2019 tax filings. Most individuals earning less than $75,000 in adjusted gross income (AGI) can expect a one-time cash payment of $1,200. In most instances, eligible married couples earning less than $150,000 (AGI) will each receive a check, and families will receive an additional $500 per minor child. Income limits will be imposed and payment amounts will be phased out as AGI increases.

Changes to Unemployment Assistance
Previously unemployment benefits haven't been available to self-employed people, independent contractors or people with limited work history. Under the CARES Act, these people now qualify for unemployment benefits.

In addition, anyone who is unable to work because of COVID-19 will also qualify for unemployment benefits. Displaced workers will receive an additional $600 per week for up to four months. Once state unemployment benefits run out, if you are still unemployed, you can qualify for an additional 13 weeks of unemployment benefits.

Charitable Contributions
The government wants to make it easier for you to donate to charities and get a tax break for it. If you make any charitable contributions this year, you can deduct up to $300 in cash donations without having to itemize your deductions. Also, limits on how much you can deduct this year have been waived.

Other Miscellaneous Tax Provisions
Over-the-counter medical products: Funds in an HSA or flexible spending account can now be used to purchase over-the-counter medical products without a prescription.

Temporary relief for student loan borrowers:
People with federal student loans can defer student loan payments, principal and interest payments until September 30, 2020 without penalty. ■

July 15, 2020 is the extended due date for:

- 2019 Federal Income Tax Returns – Filing and Payments
- Most 2019 State Income Tax Returns – Filing and Payments
- 2019 IRA and Roth IRA Contributions
- 2019 HSA and Archer MSA Contributions
- 2020 Quarter 1 and Quarter 2 Estimated Tax Payments
- 2016 Federal Tax Refund

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Financial Rules of Thumb and Sage Advice

Mark Ziety, CFP®, AIF®
Wealth Advisor
Ellenbecker Investment Group

This year has brought unexpected changes and forced many individuals to look at how they save and spend. This year's high school and college graduates are also facing a new world and many working adults are finding new ways to create cash flow until their careers become stable again.

Studies are showing more individuals are starting to save more and ask questions about how to best plan for the unexpected, or the expected, like retirement. While general calculations exist to give a guideline, they are not meant for everyone and should be reviewed in context given an individual's situation. Every situation is unique and there is no "one shoe fits all approach". Let's look at a few general guidelines and how an advisor may help you interpret the results.

Net worth:
Often people ask "what's my number" in terms of net worth and retirement goals. The answer really depends on how much you want to spend in retirement. If your annual household income is close to what you spend each year then the following goals may apply.

- Net Worth Target = Age x Annual Household Income/10.
- Aim to save 1x your annual salary by 30, 2x by 35, 3x by 40, 4x by 45, 6x by 50, 7x by 55, 8x by 60, and 10x by 67.

Retirement:
- 20x gross annual income (or cash flow needs if income surpasses expenses) to retire. To make sure your retirement lasts, distribute an amount that is well within a safe withdrawal guideline (less than 4% annually)

Budget/Cash Flow:
- The 50-30-20 rule puts 50% of your income toward necessities, like housing and bills; 20% toward financial goals, like paying off debt or saving for retirement; and 30% of your income allocated to wants, like dining or entertainment.
- 10-10-80 budget rule puts 10% to church or charity, 10% to savings and 80% to spend.

Housing:
- A home purchase amount varies by investor but a general rule is that it should cost less than 2.5x your annual income.
- If Price/Rent > 15 then rent. If Price/Rent < 15 then buy. Say you find a $200,000 house for sale in a nice neighborhood, and a similar home for rent on the next block for $1000 per month, which is $12,000 per year. Dividing $200,000 by $12,000, you get a P/R ratio of 16.7.
- "If you cannot afford a 30-year fixed rate mortgage and a 20-percent down payment, it is really important to consider other options than buying." Have you explored all your options for the down payment? First time home buyers can take a withdrawal from their IRA and avoid a tax penalty and many banks have first time home buying programs. Mortgage rates and real estate markets fluctuate. Your EIG Wealth Advisor can put you in touch with an experienced real estate agent and mortgage broker to help guide you when the time is right.
- "Set aside 1% of your home's current value annually for maintenance, repairs and future improvements." This is a good rule of thumb to help save for a new furnace, air conditioning unit, roof and more, but after a few years this can add up. Consider the year of your home – you may need more or less than 1%. Many companies offer low or no interest financing to help cover these expenses, or a home equity line of credit (HELOC) may be best for your situation – best to check with an advisor.

Debt:
- Avoid paying interest on anything that loses value. It's okay to finance a home or a college education but avoid taking out a loan for cars, boats and recreational vehicles if possible.
- Pay off highest-interest credit cards first.
- Pay off smallest balance credit cards first.
- Be aware of the risks when co-signing on a loan. Assume you are taking out the loan and will be responsible for the payments. If you aren't comfortable with that outcome ... then don't do it.
- If you're not willing to pay cash for it, then it doesn't make sense to buy it on credit.
- Consider refinancing your home if interest rates drop by 1% or more.
- Choose the right mortgage rate. Fix the rate for at least as long as you plan to be in the home.

As with any financial planning initiative it is important to consult your tax and investment advisor team to determine what makes the most sense for your personal situation. If you happen to know someone approaching retirement or have a family member just starting out in their career, please share my name, I'm happy to help them evaluate an individualized financial plan. ■

Sources:
fidelity.com/viewpoints/retirement/how-much-do-i-need-to-retire; twocents.lifehacker.com/10-good-financial-rules-of-thumb-1668183707

Retiring During Market Volatility

Kristina Schnuckel, CFP®, AIF®
Wealth Advisor
Ellenbecker Investment Group

The recent volatility of the stock market has been unsettling to most investors. When you see your account balance dropping, even the most steadfast investor can be tempted into a knee-jerk reaction. Even more emotional is when a market downturn coincides with the start of your retirement.

Market volatility is nothing new. Looking to the S&P 500 index for guidance, the index recorded on average a 5% pull back three times a year, a 10% correction once a year and a 20% plunge every seven years since the 1920's. These statistics ensure that you will experience several downturns during retirement and could retire in the midst of a correction. When this happens, does it still make sense to stay the course?

If you have a financial plan in place, staying the course is not only the smartest choice when entering retirement, but the easiest one. A market correction during retirement is inevitable, so you must consider a downturn part of the planning equation. Retirees need to plan for decades, not years, with their investments needing to keep pace with taxes and inflation. Making a dramatic shift when the markets get bumpy can be short sighted. We as investors tend to assume with every large market correction that this particular correction is unlike any previous correction, and it will take decades to recover. This is just simply not true.

- 2007-2009: down 59%, recovered in 27 months
- 1973-1974: down 48%, recovered in 21 months
- 1929-1932: down 86%, recovered in 34 months

If you are on the brink of retirement when a correction occurs, how do you stay the course and keep your cool?

First, pay attention to risk. While you need to stay invested for the long term in retirement, the years leading up to retirement should see a shift in the overall risk of your portfolio. Your advisor can help you find the breakdown between stocks (equities) and bonds (fixed income) that helps you achieve your return goals, but also does not take more risk than you are comfortable with taking. It is never a bad time to reassess your risk tolerance.

To stay the course, you also need a plan for spending. Make sure that you have enough fixed income in your portfolio to cover your spending needs for 5-7 years. This is nearly twice as long as any down market we've experienced. If you have the confidence of knowing that you're going to be okay for 5-7 years, you are more likely to stay invested.

This strategy also helps minimize the impact of sequence of return risk. This analyzes the order in which your investment returns occur. It affects you more when you are withdrawing money from your investments. If the stock market is down and you withdraw money from a stock position, you have "locked in" those losses, giving your portfolio less power to bounce back when stocks rebound. This could lead to your portfolio running out of money quicker than planned. The only way to mitigate this risk is to plan ahead and have a diversified allocation across your portfolio. You must have a strategy in place for all market environments.

While big market drops can be scary, just remember that you planned for these market dips and have faith in that plan. The markets have always bounced back, and you will too. ■

Inspire Retirement: RV Travel Show

Join us in the parking lot of our Pewaukee office to tour a variety of RVs and learn about the RV lifestyle on the open road! Our very own clients and friends of EIG will be sharing their campers, trailers and motorhomes for you to tour while enjoying food, beverages, music and backyard games.

Thursday, August 6 | 4:00-8:00pm
EIG Pewaukee Parking Lot

Register at ***ellenbecker.com/events***. Guests are welcome.

Stop by and meet some happy campers!

Resources for Milwaukee Businesses

WWBIC, founded in 1987 from the women's economic development and microlending movements has never been needed more than now. The team is viewed as the frontline for economic development and is helping small business owners affected by COVID-19 during this crisis. WWBIC has been "Putting Dreams to Work" for over 30 years providing entrepreneurs access to necessary resources and tools such as quality financial and business education and responsible financial products, always with a focus on underserved populations.

In order to help the small business community, WWBIC has been very busy advocating for and bringing resources to entrepreneurs in Wisconsin. As a Community Development Financial Institution (CDFI), WWBIC was awarded nearly $2 million from WEDC 20/20. This resulted in direct grant support to WWBIC loan clients – assisting them with relief for payroll and rent expenses. WWBIC partnered with the Hmong Chamber and CAP Services on this funding, assisting approximately 300 businesses. In addition, WWBIC raised $4 million through the CARES Act for SBA PPP Loans. These dollars were initially open to WWBIC loan clients and have since been made available to any small business owner in Wisconsin. Through the PPP dollars, we have approximately 152 applications, totaling $3,798,000. In addition, two new FAST TRACK loan options were developed to quickly provide needed assistance to small businesses. Demand is great for our services, in the past 2 months alone, WWBIC has received 100 NEW loan applications totaling $5.1 million.

WWBIC also provides business and financial educational support and has moved all 'on ground' training to 'online and on demand' – from early stage support in starting a business to accelerator programs to business planning – WWBIC can support you.

Wendy Baumann
President - CVO
WWBIC
wendy.baumann@wwbic.com
(414) 395-4530

For additional information and the organizations impact, please visit the WWBIC website, ***wwbic.com***. To learn more about or to patronize the businesses served by WWBIC, please visit the client directory at ***wwbic.com/client-directory/***.

Everyone can assist a micro or small business in their community - we thank you for your support and dedication to individual and locally-owned businesses in Wisconsin and our nation! ■

Scan this code to visit *moneysenseradio.com* and listen to the Money Sense radio show with Wendy Baumann.

Milwaukee's Philanthropic Community® Past Guests

Tune in on WISN AM 1130 at 10:00am CST or connect online at *newstalk1130.com*. Shows can also be heard on demand via Apple Podcasts, Spotify, Stitcher or Google Play.

This quarter's featured organizations include:

- Pink Umbrella Theater Co.
- Balance Inc.
- Wisconsin Philanthropy Network
- RitzHolman CPAs
- Nonprofit Academy of Wisconsin
- Helen Bader Institute for Nonprofits
- Running Rebels
- The Gathering
- Milwaukee Armed Services
- USO Wisconsin
- Hebron House
- La Casa de Esperanza
- Let's Thrive 360
- March of Dimes
- Healing Warrior Hearts
- Feast of Crispian
- Hope MKE
- Groundwork Milwaukee

Milwaukee's Philanthropic Community

presented by EIG

Hover your phone's camera here to listen to past shows on our website.

Email Jill Economou at ***jill@ellenbecker.com*** to recommend a non-profit.

Real Estate Market: 2020

Have you ever seen a NASCAR race car crash? Everyone rushes out to make sure the drivers are safe, debris is removed from the track and cars are towed away. At some point the race is resumed and cars follow around the track slowly for a few laps before a lead car pulls away and all cars hit the accelerator at full speed. The arrival of COVID-19 is very similar. It came on suddenly and everything stopped. Communities examined the aftermath and removed all of us from our fast-paced lives to isolate in our homes.

As we begin the repairs and resume our daily lives and businesses, we will take a few laps slowly and carefully behind the lead car (our leaders). We will get the new rules, look at the landscape and eventually press the accelerator to go full speed ahead ... or will we?

Real estate, like any other business, has been struck by the virus causing a slow down mostly on the seller side. Buyers have been out in large numbers waiting for the next home to come on the market. Due to an extreme lack of inventory, when a properly priced home comes on the market, several showings take place and, in some cases, multiple offers. This activity is mostly in the first-time buyer range under $400,000. Properties over $400,000 (depending on area) usually attract buyers who may have to sell their home to buy the new home. In this case, these buyers may wait until they are willing to put their home on the market and feel comfortable in the selling process.

Due to the isolation in our home for the last 2-3 months, many of us have realized that our homes may no longer be matching our lifestyle requirements. It could be stairs to the basement for laundry, bathrooms that may cause an accident or maintenance that is costing too much. For those whose homes no longer meet our health and lifestyle demands, moving may be more urgent than before the crisis. Many homeowners will want to move in the summer before the fall just in case the virus comes back causing renewed isolation.

Bruce Nemovitz
Senior Real Estate Specialist
Realty Executives Integrity
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The question is, will there still be a lack of inventory and surplus of buyers in the summer months? Will it begin slowly just in the NASCAR race after the car crash? Will our economy be strong or will our work force experience turbulence and layoffs? These are questions that must be considered when making the decision to put a home on the market. I believe that due to historic low interest rates for buyers (3.2% for a 30 year fixed loan and 2.5% for a 15 year fixed rate loan as of May) buyers will be ready to jump back in the market waiting for that next new listing to enter the market. Sellers will be cautious and will want to know how showings will work to offer safety to the homeowner. Pricing should remain about the same as before the crisis with some change plus or minus 5%.

If you are thinking of selling your home, know that real estate has always been one of the crucial parts of our economy and will continue as before, with some new rules for safety. My hope is that our world will be made better by the sacrifices we have all made over the past few months. Our homes are our safety zone and where we live will become even more pronounced as we move forward to begin our new lives. ■

Source:

Race Car Analogy - Presentation by Brian Buffini

Scan this code to visit *moneysenseradio.com* and listen to the Money Sense radio show with Bruce Nemovitz.

If you have EIG family or friends that would like to receive this newsletter or our weekly email, visit ellenbecker.com/newsletter-sign-up.

Economic Update

Terry Pavlic
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In early June, the National Bureau of Economic Research, the official arbiter of business cycles, declared that the economy officially entered a recession in February. That comes as no surprise to anyone who has been "sheltering in place" or read about the unemployment figures these past months. The questions now are how soon can the economy re-open and how fast do we recover.

Already, most states have started to relax their guidelines, but significant differences exist in the pace of this relaxation and what is included. And, while it is too early to gauge the economic damage caused by rioting, it is certainly not helping and countless small businesses will not survive it.

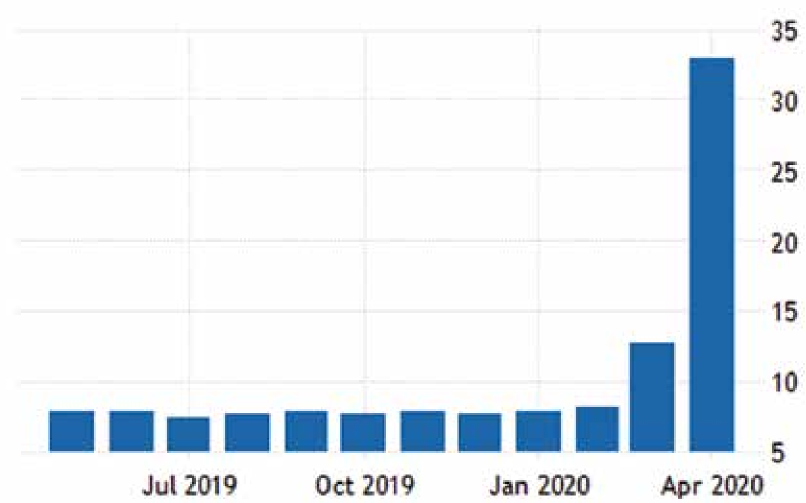
There are a number of reasons to believe that a recovery could materialize at a fairly rapid pace:

- According to the Washington Post, through June 10, the Payroll Protection Program has provided $530 billion to 4.5 million companies. The majority of these funds will be used to pay employees.
- The federal enhancement to the unemployment program means that 65% of workers will receive as much or more on unemployment than they did while working. So, at least through July, when the enhancement will expire, the majority of workers will have suffered little if any financial damage. Evidence of this is reflected in the current record-high savings rate.
- The Federal Reserve has spent $2.4 trillion to support the financial system and lending in various ways. Fewer bankruptcies and readily available loans at low interest rates are providing a lot of support for businesses and other employers.
- The currently authorized, but as yet unspent, amount still available to the Federal Reserve and from Legislative and Administrative actions is $5.8 trillion (a staggering amount).

Total stimulus, already spent and yet to be spent, totals $10.2 trillion. Last year, GDP amounted to about $21 trillion, so this is nearly 50% of GDP. For comparison, according to the Federal Reserve of St. Louis, the 2009 stimulus package was 5.7% of GDP, perhaps explaining why the subsequent recovery was so lethargic. But, more noteworthy, the stimulus provided during the Great Depression, spread over nearly 10 years, was 40% of GDP. So, the current program is larger and has been injected much more quickly into the economy. With so much support having already been provided and more to come, we should see a fairly rapid and robust economic recovery later this year. ■

Scan this code to visit *moneysenseradio.com* and listen to the Money Sense radio show with Terry Pavlic.

US Savings Rate



Evolution of Benchmarks

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The S&P 500 is probably the most widely used gauge of the U.S. stock market. Importantly, its composition is constantly evolving because it mirrors the changing circumstances of its underlying constituents along with market sentiment. For active managers like us, awareness of these changes increases one's understanding of market dynamics which can influence portfolio construction.

For some background, the S&P 500 is made up of 500 of the largest companies trading on U.S. exchanges and covers approximately 80% of the available market capitalization. The index is calculated on a capitalization-weighted basis so that higher market cap stocks have a greater impact on performance than smaller ones.

One notable change over the past five years has been that the largest companies have grown to command a greater index share. For example, at the end of April 2020, the five largest companies in the index were Microsoft, Apple, Amazon, Facebook and Alphabet and their combined weights accounted for 20% of the index. At the end of April 2015, the five largest companies were Apple, Microsoft, Exxon-Mobil, Johnson & Johnson and General Electric which, together, accounted for 11% of the S&P 500. Today's behemoths attracted capital because of their strong operating results, defensible business models and expectations of solid future growth. However, the increased popularity of passive investing has also played a role in the greater concentration of the index because of its cap weighted construction. Today, for every $100 invested in a S&P 500 index fund, approximately $20 goes into the top five companies compared to only $11 five years ago, a 73% increase.

Additionally, index constituents are categorized within 11 economic sectors. The absolute sector weights and changes in these weights provide insight into the drivers of economic growth and vitality because this shows where money has moved. For example, over the past five years, Energy has declined from 8.5% to just 2.8% while Information Technology has increased from 19.9% to 25.5% over the same period. (The changes to the Financials and Communications Services sectors were mostly due to changes in the sector composition methodology, as noted.). ■

5 LARGEST STOCKS

4/30/2015		4/30/2020	
Apple	4.0%	Microsoft	5.6%
Microsoft	2.2%	Apple	5.0%
Exxon-Mobile	2.0%	Amazon	4.1%
Johnson & Johnson	1.5%	Alphabet (Class A & C)	3.3%
General Electric	1.5%	Facebook	2.0%
TOTAL	**11.1%**	**TOTAL**	**20.0%**

**Real Estate was spun off from the Financial sector post September 16, 2016*

***Telecommunication Services was renamed Communication Services, with issues added from other sectors post September 20, 2018*

MARKET REPRESENTATION

ECONOMIC SECTOR	4/30/2015	4/30/2020	4/30/2015 to 4/30/2020 CHANGE
Energy	8.5%	2.8%	-5.69%
Materials	3.2	2.5	-0.75
Industrials	10.3	8.0	-2.31
Consumer Discretionary	12.5	10.1	-2.41
Consumer Staples	9.5	7.8	-1.71
Health Care	14.6	15.6	0.97
Financials*	16.1	10.7	-5.40
Information Technology	19.9	25.5	5.55
Communication Services**	2.4	10.7	8.28
Utilities	3.0	3.5	0.48
Real Estate*	0.0	3.0	2.99
S&P 500	**100.0%**	**100.0%**	**20.0%**

Calendar of Events

To register or learn more about our events, please visit: ***ellenbecker.com/events.***
To receive our weekly emails, please email: ***info@ellenbecker.com***.

July 2020

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SAT/SUN
		1 **Sustainable Living** 5:30-7:00pm	2	3 **EIG Office Closed - Independence Day**	4/5
6	7	8	9	10 **EIG Charity Casual Dress Day**	11/12 **Recycling Day (11th)** 9:00am-12:00pm
13	14	15 **WI Widows Connected** 5:30-7:00pm	16	17	18/19
20	21 **Armchair Travelers** 3:00-5:00pm	22	23	24 **EIG Charity Casual Dress Day**	25/26
27 **United Veterans Group** 5:30-7:00pm	28	29	30	31	

August 2020

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SAT/SUN
					1/2
3	4	5 **Sustainable Living** 5:30-7:00pm	6 **RV Travel Show** 4:00-8:00pm	7	8/9
10	11	12	13	14 **EIG Charity Casual Dress Day**	15/16
17	18 **Armchair Travelers** 3:00-5:00pm	19 **WI Widows Connected** 5:30-7:00pm	20	21	22/23
24/31 **United Veterans Group** 5:30-7:00pm (24th)	25	26	27	28 **EIG Charity Casual Dress Day**	29/30

September 2020

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SAT/SUN
	1	2 **Sustainable Living** 5:30-7:00pm	3	4	5/6
7 **EIG Office Closed - Labor Day**	8	9	10 **Managing Finances through Mental Health or Addiction Crisis Seminar** 6:00-8:00pm	11 **EIG Charity Casual Dress Day**	12/13
14	15 **Armchair Travelers** 3:00-5:00pm	16 **WI Widows Connected** 5:30-7:00pm	17	18	19/20
21	22	23	24	25 **EIG Charity Casual Dress Day**	26/27
28 **United Veterans Group** 5:30-7:00pm	29	30			

EIG Ellenbecker Investment Group

EIG HR Update

Employee of the Month

Congratulations to these employees for going above and beyond and being chosen as EIG's Employee of the Month!

April	Anne Mank
May	Sandy Miller
June	Karen Miller

Employee Anniversaries

May

Lauren Alles	6 years
Mark Ziety	1 year

June

Fran Hughes	7 years
Brett Engelking	5 years
Kristina Schnuckel	7 years
Jill Marlies Johnson	1 year

Anniversary Donations

Our anniversary donations went to:

- Christmas Clearing Council
- Tunnel to Towers
- Fisher House Foundation
- Food for the Poor
- Family Promise of Waukesha
- Feeding America
- HAWS
- West African Mercy Ministries
- Shepherds Foundation
- WI Inmate Education Association

Volunteer Highlights

Soles for Jesus
Pewaukee Beach Garden

Charity Casual Day

Join us this quarter as we collect donations and wear jeans in honor of Rogers Memorial Hospital Foundation. Scan to learn more. Donation bins will be in our Whitefish Bay and Pewaukee offices

Ellenbecker Investment Group

Exceptional Planning. Extraordinary Service.®

N35 W23877 Highfield Court, Suite 200
Pewaukee, Wisconsin 53072

Money Sense presented by EIG

Tune in to hear us on the radio

Milwaukee's Philanthropic Community presented by EIG

Saturdays at 2:00pm | Sundays at Noon
WISN AM1130

Tune in as Ellenbecker Investment Group Wealth Advisors share their unique financial perspective as they interview local and global economists, attorneys, tax professionals and other interesting guests.

Sundays at 10:00am
WISN AM1130

Presented by Ellenbecker Investment Group, this unique show features non-profit organizations each week and explores ways for listeners to have an impact in our local community and the world.

Listen to past shows at *ellenbecker.com/radio*