Maier minutes

summer 2020

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A WORD FROM WAYNE

by Wayne Maier, BFA™

I am somewhat conflicted as I write this article. First, I feel I need to address the markets but I really wanted to share a story that I read about Steve Jobs (the founder of Apple) in his final days. I will try to do both and hopefully I won't bore you to death.

I will start with the markets, but to be honest they seem to be speaking for themselves. The NASDAQ continues to set records, while the S&P and Dow continue to march towards their all-time highs. They seem to be shrugging off any bad news and are reacting to the belief that the economy is/or will be re-covering soon. Even the upcoming election doesn't seem to be phasing the markets. But I would suspect as we get closer to election day, we will start to see some volatility especially if markets believe there will be a change in Washington.

As you know I don't spend much time trying to figure out the political antics that happen in Washington every day, but what I do know is that markets are not fond of change especially if that change is dramatic. Any major changes in Washington as the result of the election could increase the volatility that we may experience. We just need to be watchful and be prepared to make adjustment if necessary.

On a personal note:
Just before Steve Jobs passed away, he made the following statement and I thought it was worth sharing with you: "I reached the pinnacle of success in business, in some eyes my life is the epitome of success. However aside from work I have little joy. In the end my wealth is only a fact of life that I am accustomed to. At this moment, lying on my bed and recalling my life, I realize that all the recognition and wealth that I took so much pride in have paled and become meaningless in the face of my death.

You can employ someone to drive your car or make money for you but you cannot have someone bare your sickness for you. Material things lost can be found or replaced but there is one thing that can never be found when it's lost – Life. Whichever stage in life you are right now, with time you will face the day when the curtain comes down.

Treasure love for your family, love for your spouse, love for your friends. Treat yourself well and cherish others. As we grow older, and hopefully wiser, we realize that a $300 watch or a $30 watch both tell the same time. You will

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CONSIDERATIONS WHEN EMOTIONS ARE ABOUT TO TAKE OVER OUR INVESTMENT DECISIONS

by Greg Dahlberg, CFP®, RICP®, BFA™

Fear and greed have and likely impacted most investors decision making process at some point in their life. When markets are up, it's easy to get caught up in the hype and euphoria of strong markets and big returns which can cause our appetite for risk to increase which can be a dangerous proposition. Likewise, when markets are down, it can be equally easy to let fear begin to take over and cause us to assume the worse, causing investors to sell assets that are going down or losing value due to fear of the unknown. This strategy may lend itself to buying high and selling low which does not lend itself to a sound long-term investment strategy. With that being said, I thought it may be a good time for us to revisit the basics of investing and the purpose of having a financial plan to help us make sound logical decisions rather than allowing emotions to take over which may lead to fear based decisions which may have a negative impact on our long-term financial goals and objectives. It's easy to forget the basics when markets are up, however markets haven't always gone up in a straight line in the past nor do I believe they will in the future so here are a few thoughts and reminders for all of us as investors….

Holding Equities for the Long Term: Time vs. Timing

Legendary investor Warren Buffett is famous for his long-term perspective. He has said that he likes to make investments he would be comfortable holding even if the market shut down for 10 years.

Investing with an eye to the long term is particularly important with stocks. Historically, equities have typically outperformed bonds, cash, and inflation, though past performance is no guarantee of future results and those returns also have involved higher volatility.

It can be challenging to have Buffett-like patience during periods such as 2000-2002, when the stock market fell for 3 years in a row, or 2008, which was the worst year for the Standard & Poor's 500* since the Depression era. Times like those can frazzle the nerves of any investor, even the pros. With stocks, having an investing strategy is only half the battle; the other half is being able to stick to it.

Just what is long term?

Your own definition of "long term" is most important, and will depend in part on your individual financial goals and when you want to achieve them. A 70-year-old retiree may have a shorter "long term" than a 30 year old who's saving for retirement.

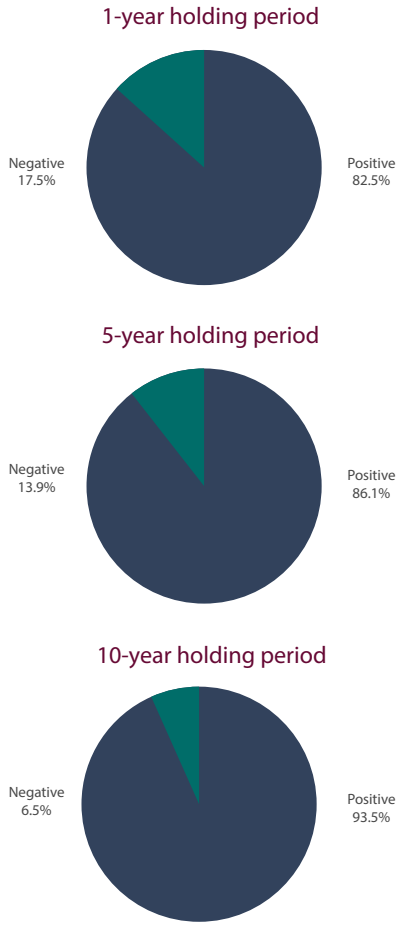
Your strategy should take into account that the market will not go in one direction forever — either up or down. However, it's instructive to look at various holding periods for equities over the years. Historically, the shorter your holding period, the greater the chance of experiencing a loss. It's true that the S&P 500 showed negative returns for the two 10-year periods ending in 2008 and 2009, which encompassed both the tech crash and the credit crisis. However, the last negative-return 10-year period before then ended in 1939, and each of the trailing 10-year periods since 2010 have also been positive.

The benefits of patience

Trying to second-guess the market can be challenging at best; even professionals often have trouble. According to "Behavioral Patterns and Pitfalls of U.S. Investors," a 2010 Library of Congress report prepared for the Securities and Exchange Commission, excessive trading often causes investors to underperform the market.

The Power of Time

Another study, "Stock Market Extremes and Portfolio Performance 1926-2004," initially done by the University of Michigan in 1994 and updated in 2005, showed that a handful of months or days account for most market gains and losses. The return dropped dramatically on a portfolio that was out of the stock market entirely on the 90 best trading days in history. Returns also improved just as dramatically by avoiding the market's 90 worst days; the problem, of course, is being able to forecast which days those will be. Even if you're able to avoid losses by being out of the market, will you know when to get back in?



Data source: Refinitiv, 2020. S&P composite total return for the period December 31, 1979 to December 31, 2019. Ranges consider the 40 one-year periods, 36 five-year periods, and 31 ten-year periods from 1980 to 2019.

Note: Though past performance is no guarantee of future results, the odds of achieving a positive return in the stock market have been much higher over a 5- or 10-year period than for a single year.

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The Maier ladies welcome a new addition to the family!

RISK TOLERANCE

by Joseph Maier, RICP®, BFA™

A big question in our industry as it relates to making investment decisions, is what is your risk tolerance? Broken down, risk is defined as "possibility of loss or injury" and tolerance is defined as "capacity to endure pain or hardship". Together we use this term in the investment world pretty loosely and our industry offers multiple answers to defining an individual's "risk tolerance" typically managed through predetermined list of questions that are supposed to reveal what you, as an investor, are willing to lose in order to obtain the ability to grow your assets at some assumed long term rate of return.

I spoke with a client recently during this extreme market volatility, about their risk tolerance. They were a little on edge, as most of us are during volatile markets, and they were expecting the worst-case scenario regarding their year to date investment return. Once we opened the discussion on the return of their accounts verses the major market indexes, they expressed a little relief as things were not as bad as they were expecting, however, it did not settle their concerns about the potential losses they could incur with the current state of the equity markets. I explained, as we answer the simple questions about risk, we really don't know what it means to go outside of our risk tolerance, until it is too late. Seeing potential losses on paper is much different than real losses.

The market's stability when looked at day to day is very volatile even without major health scares or presidential election campaigns. This forces us to measure risk in different ways than just the predetermined list. We need to understand our time horizon, when do you need to access your money? Even if we are spending some of our money today, are we spending all of it? Probably not. We are usually spending a monthly income and the remainder of the funds still have a longer time horizon for future spending.

We also need to understand our investment capital or account balances, in relationship to the goal these funds will be used for. Income, long term growth, funds to pass on to heirs, are goals we deal with every day and each one can lead to a different investment strategy along with different levels of risk.

We still need the base line to help us in the next line of questions which pertain to goals, time horizon and personal expectations. All of these together are what help us define what we believe to be your risk tolerance and in turn help us develop an investment strategy, income strategy and long-term goal planning strategy that we feel is in your best interest.

Risk isn't just about loss, it is about creating strategies for market cycles so that the long term goals can still be attainable.

A WORD FROM WAYNE

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realize that your true inner happiness does not come from the material things of the world. Whether you fly first class or economy, if the plane goes down you will go down with it.

Therefore, I hope you realize, when you have friends, mates, buddies, brothers and sisters, who you talk with, laugh with, sing songs with, talk about north-south-east-west or heaven and earth, that is true happiness! Don't educate your children to be rich. Educate them to be happy. So when they grow up they will know the value of things and not the price. Eat your food as your medicine, otherwise you will have to eat your medicine as your food.

There is a big difference between being a human being and being human. Only a few really understand it. You are loved when you are born, you will be loved when you die. In between you have to manage.

The best six doctors in the world are sunlight, rest, exercise, diet, self-confidence and friends. Maintain them in all stages and enjoy a healthy life."

WOW! How insightful! Words that we all can learn something from. As I read this, I tried to envision how my life should change and why reading this caused me to take pause. Whatever the reason it caused me to pause, it was a good thing. The only thing I could add is where he mentions the six best doctors in the world, there are actually seven. He missed God!

Until next quarter,

"Remember the only limitations in life are the ones we place on ourselves ... never limit your dreams!"

CONSIDERATIONS WHEN EMOTIONS ARE ABOUT TO TAKE OVER OUR INVESTMENT DECISIONS

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Keeping yourself on track

It's useful to have strategies in place that can help improve your financial and psychological readiness to take a long-term approach to investing in equities. Even if you're not a buy-and-hold investor, a trading discipline can help you stick to a long-term plan.

Have a game plan against panic

Having predetermined guidelines that anticipate turbulent times can help prevent emotion from dictating your decisions. For example, you might determine in advance that you will take profits when the market rises by a certain percentage, and buy when the market has fallen by a set percentage. Or you might take a core-and-satellite approach, using buy-and-hold principles for most of your portfolio and tactical investing based on a shorter-term outlook for the rest.

Remember that everything's relative

Most of the variance in the returns of different portfolios is based on their respective asset allocations. If you've got a well-diversified portfolio, it might be useful to compare its overall performance to the S&P 500. If you discover you've done better than, say, the stock market as a whole, you might feel better about your long-term prospects.

Current performance may not reflect past results

Don't forget to look at how far you've come since you started investing. When you're focused on day-to-day market movements, it's easy to forget the progress you've already made. Keeping track of where you stand relative to not only last year but to 3, 5, and 10 years ago may help you remember that the current situation is unlikely to last forever.

Consider playing defense

Some investors try to prepare for volatile periods by reexamining their allocation to such defensive sectors as consumer staples or utilities (though like all stocks, those sectors involve their own risks). Dividends also can help cushion the impact of price swings.

If you're retired and worried about a market downturn's impact on your income, think before reacting. If you sell stock during a period of falling prices simply because that was your original game plan, you might not get the best price. Moreover, that sale might also reduce your ability to generate income in later years. What might it cost you in future returns by selling stocks at a low point if you don't need to? Perhaps you could adjust your lifestyle temporarily.

Use cash to help manage your mindset

Having some cash holdings can be the financial equivalent of taking deep breaths to relax. It can enhance your ability to act thoughtfully instead of impulsively. An appropriate asset allocation can help you have enough resources on hand to prevent having to sell stocks at an inopportune time to meet ordinary expenses or, if you've used leverage, a margin call.

A cash cushion coupled with a disciplined investing strategy can change your perspective on market downturns. Knowing that you're positioned to take advantage of a market swoon by picking up bargains may increase your ability to be patient.

Know what you own and why you own it

When the market goes off the tracks, knowing why you made a specific investment can help you evaluate whether those reasons still hold. If you don't understand why a security is in your portfolio, find out. A stock may still be a good long-term opportunity even when its price has dropped.

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2020 BIRTHDAY MILESTONES

Age 55	Penalty-free distributions allowed from 401(k) if retired
Age 59 ½	Penalty-free distributions allowed from IRAs and qualified plans, and Roth IRAs at least 5 years old
Age 60	Can apply for reduced Social Security benefits under deceased spouse's earnings record
Age 62	Can apply for reduced Social Security benefits under own earnings record
Age 65	Apply for Medicare (Parts A and B) beginning 3 months before your birthday • Coverage begins the 1st of the month you turn 65 • If you are employed/covered by other insurance, you can enroll any time after 65
Age 66-67	Full retirement age for unreduced Social Security benefits
Age 70	Apply for Social Security to get maximum benefits
Age 72	Must start IRA required minimum distributions

CONSIDERATIONS WHEN EMOTIONS ARE ABOUT TO TAKE OVER OUR INVESTMENT DECISIONS

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Tell yourself that tomorrow is another day

The market is nothing if not cyclical. Even if you wish you had sold at what turned out to be a market peak, or regret having sat out a buying opportunity, you may get another chance. If you're considering changes, a volatile market is probably the worst time to turn your portfolio inside out. Solid asset allocation is still the basis of good investment planning.

Be willing to learn from your mistakes

Anyone can look good during bull markets; smart investors are produced by the inevitable rough patches. Even the best aren't right all the time. If an earlier choice now seems rash, sometimes the best strategy is to take a tax loss, learn from the experience, and apply the lesson to future decisions.

Stay on course by continuing to save

Even if the value of your holdings fluctuates, regularly adding to an account designed for a long-term goal may cushion the emotional impact of market swings. If losses are offset even in part by new savings, your bottom-line number might not be quite so discouraging.

If you're using dollar-cost averaging — investing a specific amount regularly regardless of fluctuating price levels — you may be getting a bargain by buying when prices are down. However, dollar cost averaging can't guarantee a profit or protect against a loss. Also consider your ability to continue purchases through market slumps; systematic investing doesn't work if you stop when prices are down. Finally, remember that the return and principal value of your investments will fluctuate with changes in market conditions, and shares may be worth more or less than their original cost when you sell them.

Remember your road map

Solid asset allocation is the basis of sound investing. One of the reasons a diversified portfolio is so important is that strong performance of some investments may help offset poor performance by others. Even with an appropriate asset allocation, some parts of a portfolio may struggle at any given time. Timing the market can be challenging under the best of circumstances; wildly volatile markets can magnify the impact of making a wrong decision just as the market is about to move in an unexpected direction, either up or down. Make sure your asset allocation is appropriate before making drastic changes.

Look in the rear-view mirror

If you're investing long term, sometimes it helps to take a look back and see how far you've come. If your portfolio is down this year, it can be easy to forget any progress you may already have made over the years. Though past performance is no guarantee of future returns, of course, the stock market's long-term direction has historically been up. With stocks, it's important to remember that having an investing strategy is only half the battle; the other half is being able to stick to it. Even if you're able to avoid losses by being out of the market, will you know when to get back in? If patience has helped you build a nest egg, it just might be useful now, too.

Take it easy

If you feel you need to make changes in your portfolio, there are ways to do so short of a total makeover. You could test the waters by redirecting a small percentage of one asset class to another. You could put any new money into investments you feel are well-positioned for the future, but leave the rest as is. You could set a stop-loss order to prevent an investment from falling below a certain level, or have an informal threshold below which you will not allow an investment to fall before selling. Even if you need or want to adjust your portfolio during a period of turmoil, those changes can — and probably should — happen in gradual steps. Taking gradual steps is one way to spread your risk over time, as well as over a variety of asset classes.

We are certainly experiencing uneasy times out of fear of the unknown and what impact current events will have on our long-term goals. While there are no guarantees of much of anything in life, all we can reflect on is what's happened in the past and what the outcomes where after similar events to help us make logical and non-emotional decisions going forward. So, with that being said, stay calm, make rational decisions, and don't hesitate to call if you need anything, we are here. Until next time.....

Amy McDaniel and granddaughter Brooklyn.

THE MILLENNIAL VIEW

by Eric Dobrzynski, CFP®, RICP®, BFA™

Michigan has been talking about making changes to our auto insurance laws for quite some time. There has been a new change which took place on July 2,2020. What does the new law change mean to you? Now, I have to start with my disclosure… you should speak to your auto insurance agent along with your advisor prior to making any changes to your auto insurance policy to ensure a change will remain in line with your goals.

Let's start with an explanation of what Personal Injury Protection (PIP) is and what it means to you. Personal Injury Protection, or no-fault insurance, is coverage you can rely on to pay medical expenses for your own care, regardless of who's at fault. Prior to the recent changes, PIP has always provided unlimited coverage at an unlimited dollar amount. Simply put, this means there was no limit to the amount your auto insurance would pay for your care.

PIP will pay for all reasonable medical expenses and up to three years of lost wages, if you are injured in an auto accident. PIP will also cover medical mileage, reimbursement for services you may need to cover daily tasks and attendant care, if necessary. PIP can also cover any necessary modifications to your home or accommodations, due to auto injury. As you can see, there is a lot packed into a small acronym.

If your policy has renewed lately, you have probably noticed new discussions on the options such as electing primary or excess coverage. Primary coverage simply means your auto insurance is the primary payee should you be injured in an accident. With excess coverage, also called coordinating benefits, your health insurance agrees to pay first and your auto insurance will pay the difference. If you are unsure which option is best for you, reach out to your health insurance carrier and ask how you should list your auto policy. They will be able to inform you if they are willing to pay first. If they are not, be sure you keep your auto policy as primary medical. If your health insurance is willing to pay first, you can change your auto to excess medical.

Keep in mind, you cannot list different coverages for each driver. The entire policy has to match. So, when in doubt, list your auto as primary. If you are injured in an auto accident, the last thing you want to worry about is two companies fighting over which has to pay first.

Another change you may notice is you can reduce the amount of PIP coverage you carry. You have the option to remain at an unlimited benefit or opt to reduce your coverage to $500,000 or $250,000. If you are on Medicaid, you can reduce your coverage to $50,000. If you are on Medicare, you can reduce your limits further or even opt out of PIP all together. If you are not sure what to do, please reach out to your advisor to discuss this further.

Motorcycle law has also changed. If a motorcyclist is in an accident with a vehicle, the auto insurance PIP will now cover the motorcyclist to the limit on the policy, regardless of who is at fault. Even if the motorcyclist carries PIP on their policy, the auto insurance policy will still pay first. Based on this law, the motorcyclist could sue the driver for excess medical if the auto driver is listed at fault. They can also seek additional coverages if the limit is lower than what is needed to cover the costs of medical and other benefits covered under the PIP. So, if you reduce or eliminate your PIP, a motorcyclist could take you to court for their medical and other benefits normally covered under PIP if you are deemed to be at fault in an accident.

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SECURE ACT CHANGES TO QCDS

by Stanley Dombrowski, BFA™

We have a number of folks who have begun using the QCD (qualified charitable distribution) strategy for making charitable donations while using the standard deduction at tax time. The SECURE (Setting Every Community Up for Retirement Enhancement) Act passed in December has some significant impacts on QCDs.

If you like to give to charity while also trimming your tax bill, the qualified charitable distribution strategy may be your go-to move. IRA owners who are 70½ or older can transfer up to $100,000 per year to charities they support. Plus, the QCD can count toward annual IRA required minimum distributions. And there's more: The QCD isn't included in adjusted gross income, so taxpayers who don't itemize can benefit. Given today's higher standard deductions that make it harder to itemize, the QCD is an under-the-radar opportunity to trim your tax liability.

Congratulations to expecting parents, Megan and Devin and expecting grandparents, Greg and Carrie!

But be aware that for some IRA owners, the SECURE Act may throw a wrench into their QCD strategy. That's because the SECURE Act also created a rule that limits the amount of QCDs a traditional IRA account holder can make. Referred to as the "anti-abuse provision," its effect is to reduce allowable future QCDs. While the regulatory intent was to limit any opportunity for abusing charitable QCDs, the result has been to make it more complicated to use the strategy.

Why is this an issue? Because one provision of the SECURE Act repeals the age cap for making contributions to a traditional IRA.

IRA owners who made or make contributions to their IRA after age 70 ½ must now reduce their intended QCDs by any contribution amounts made to the extent they have not already been used to reduce their QCD. What this means is that any IRA contributions made after age 70½ cannot be used as QCDs later.

This new rule basically creates a taxable QCD, but traditional IRA owners can take steps to avoid this. Because the SECURE Act does away with the age limit for traditional IRA contributions, individuals age 70½ or older can make deductible IRA contributions. But for those who make both QCDs and deductible IRA contributions, the new rule limits the portion of the QCD that is excluded from income. The good news is that it does not limit the amount of the IRA contribution that is deductible.
For example: You make a QCD in 2020 for $7,000. You also make a $5,000 deductible IRA contribution. Your charity receives the full $7,000, but the tax-free portion of the QCD reported on your tax return is reduced to $2,000. The remaining $5,000 of the QCD is taxable. Whoever said that what the IRS does always makes sense?

Remember though that the SECURE Act also raises the starting RMD age to 72, effective in 2020. So if you turn 70½ this year, you can still do a qualified charitable distribution but it won't count toward your RMD since those do not kick in for you until age 72. The QCD will still not show up in your adjusted gross income if you are not making deductible contributions to the IRA. So the QCD could still work to your advantage by lowering the amount of your IRA balance by the time you reach 72 and your RMDs begin.

A Few Alternatives

There are some things you can do to avoid this "QCD tax." The easiest is not to take the deduction for an IRA contribution. If you qualify for Roth contributions, consider contributing to a Roth IRA instead and initiate a QCD from a traditional IRA. Spouses who each have their own IRAs can coordinate contributions to bypass the rule. Because IRAs are individually owned accounts, one spouse can choose to use their IRA to make post- 70½ deductible contributions and the other spouse can use their IRA to initiate QCDs.

Traditional IRA contributions can be voluntarily removed until October 15 of the year following the year in which the contribution was made. If you made an IRA contribution and then decide you'd rather do a QCD, you have until October 15 of the year following the year in which the contribution was made to withdraw the contribution so your QCD isn't reduced.

MICHIGAN INSURANCE CHANGES

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PIP packs a lot of coverage into your policy. If you end up with a serious injury, you can see how a reduction or elimination of your coverage could leave you with out-of-pocket expenses. Medical procedures and daily care are expensive and can eat up the limits quickly if reduced. If eliminated, you run the risk of being on your own or at the mercy of the coverages and deductibles on your medical plan.

Is saving a few dollars today worth the possibility of costing you more if a serious injury where to take place?

If you have questions, reach out and talk with your advisor. Together we can review your home and auto insurance policies and help you make an informed decision. If we do not have a copy of them or if you have made a change, please bring this up at your next review.

Spaghetti Squash Lasagna

- 1 medium spaghetti squash (about 3 cups cooked)
- 2 cups of marinara sauce
- 1/2 cup part skim ricotta cheese
- 1 1/2 cups part skim shredded mozzarella
- Handful of fresh basil or parsley for garnish

Preheat the oven to 400.

Carefully slice your spaghetti squash in half. (Be careful!)

Scoop out the seeds and flip them cut side down on a large microwave safe plate.

Add a little water to the bottom of the plate (to create steam) and microwave on high for 10 minutes.

In a small casserole dish add a thin layer of tomato sauce to the bottom.

Combine the rest of the tomato sauce with the ricotta cheese.

Once the spaghetti squash is done in the microwave, scoop out the insides with a fork. (It'll make little "strands") but be careful, it'll be hot!

Then layer in spaghetti squash over the sauce.

Top with sauce and repeat with spaghetti squash.

Cover the whole pan with mozzarella cheese and cover with aluminum foil.

Bake at 400 for about 20 minutes.

Turn to broil for an additional 2-3 minutes, or until the top becomes brown and bubbly.

Roughly chop the fresh basil and sprinkle over top!

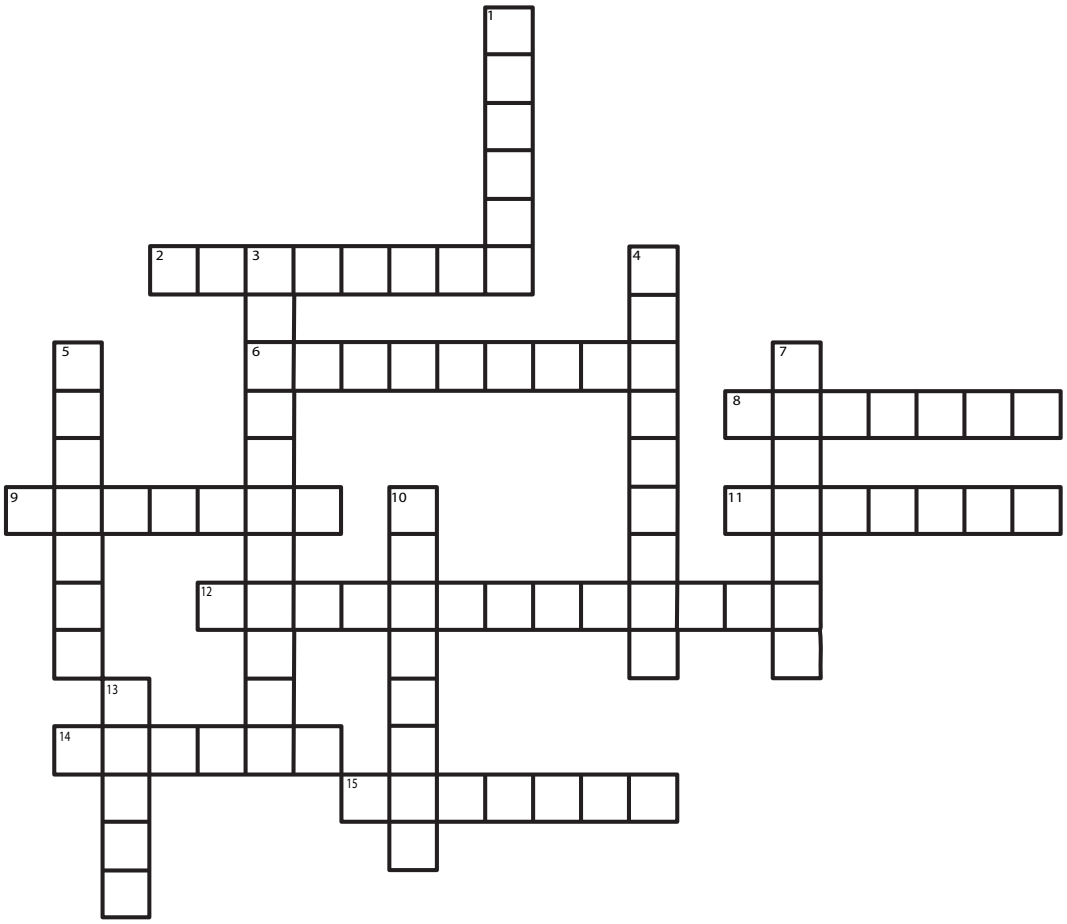
WHAT'S IN A NAME

by Michael Wilcox, ChFC®, RICP®, BFA™

I wanted to have a little fun with this newsletter. I didn't want to talk about the markets or Social Security this time around. As many of you know I go to Disney World as much as I can. Now for the record, there are some things Disney does I do not agree with, however I truly appreciate their approach to customer service. While I was in Disney earlier this year I was thinking about the office. I was inspired, as I often am when at Disney. Below is a snippet of an email I sent to the staff when I returned:

"I am starting to work on my newsletter article for the next time. I want to have a little fun with it and I am looking for all of you to help me out. I would like you all to come up with 1 word. This "word" is the word you would want our clients to think of when they hear the name Maier & Associates Financial Group, or when they just think about us in general. "

Below is a crossword with a $100 VISA giftcard to the winner. See entry details below.



Down

1. U-turn from vain
3. Unusually good
4. Adherence to a moral or ethical code
5. Completely committed
7. The real McCoy
10. Coordinated effort
13. Practical know-how

Across

2. Outside-the-box
6. Capable
8. Contribution to the community
9. "O, where is _____?": Shakespeare
11. Accomplishment of a goal
12. The act of working with one another
14. Nuclear group
15. Showed faith in

1. One winner will be selected at random.
2. Please mail entries to 5982 Westside Saginaw Road, Bay City, Michigan 48706 or email a photo to Vanessa at vanessab@maierandassociates.com.
3. Entries must be received by September 30, 2020.
4. Limit one entry per person.

M & A EMPLOYEE SPOTLIGHT

by Logan Maier

Hello, my name is Logan Maier. As I am new to the firm and many of you may not know me, I figured I would give you a background on who I am and how I started at the firm.

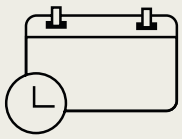
To start, coming out of High School I was unsure of what I wanted to do for a career and what I wanted to study in college. I had a real interest in science, mathematics, and working in a career where I would be able to help people. So, after doing some research into what jobs involve those subjects, I decided that I wanted to go to school to be a Nurse Anesthetist. In 2014 I applied and was accepted into the Alma College nursing program. Now fast forward 4 years, I graduated from Alma College with high honors and was looking for an opportunity to start my career.

After applying to many different institutions, I ended up getting hired at Covenant Hospital on the Cardiovascular Unit. During my time working as a RN, I learned a lot about nursing, working in the healthcare field in general, and all of the pro's and con's that came with it. The most rewarding part of working in healthcare is being able to help somebody in their time of need. My particular floor was unique in that many of the patients were generally healthy individuals and all of sudden were put into a life-threatening situation of having a heart attack or their heart going into some form of potentially fatal arrhythmia. So, working with this population was rewarding in that I had the opportunity to help individuals and their families through these difficult times - through therapy and education.

After about 5 months working as an RN, I found that the list of cons started to outweigh the pro's, and I decided that working in the healthcare field was not something I was quite ready to dedicate my life to. After speaking with my family, and my dad - Joe Maier, I decided to do some job shadowing at the office and learn more about the family business. While job shadowing, I learned a lot about the business and what a career here could offer me. Mainly, that I would still have the opportunity to help people, although no longer medically, but financially. Furthermore, I would be able to work in a position where I could utilize my interest in mathematics/statistics. After a month of job shadowing, I had seen enough for me to resign at Covenant and begin my career at Maier and Associates.

This was in February 2019, so I have been working here for roughly a year and a half now. Since I started here, I have studied for and passed a list of exams, including: the SIE (Securities Industry Essentials), series 66, series 7, the "MI Life, Accident and Health Producer," and the "MI Variable Life and Annuities Producer." These exams give me the ability to trade securities, sell life insurance, and sell annuities in Michigan. I am continuing to further my education and am currently enrolled in a course called RICP, which focuses on retirement income and the strategies involved with it. Later this year I will likely be enrolling in a program to obtain my CFP or CFA designation - which will aim to further my knowledge in retirement planning. Currently, my main roles at the office involve: assisting clients with their work 401k/403b, assisting with processing trades on a daily basis and assisting with analytical research for the firm.

2020 RETIREMENT CALENDAR CHECKLIST



SEPTEMBER

15th: Pay your Q3 estimated taxes

30th: Last day to determine beneficiaries after an IRA owner's death

Enjoy the rest of your summer!

2020 TAX UPDATE

by Gail Doane, E.A.

Hello from the walls of 5982 Westside Saginaw Road! It's good to be back in the office and be able to communicate easier with everyone again!

While the tax team and accounting services tried our best to get with clients during (the longest ever) tax season to discuss completed tax returns, answer questions, and so on – we know it was not the best of circumstances so if you have questions or concerns please don't hesitate to call or send an email. In the meantime, through the chaos of the COVID shutdown and ever-changing circumstances, there were many things that were put into place that will affect the 2020 tax return. I'm going to try to cover some of the 2020 COVID related tax information that individual tax clients should know. There's also a lot of COVID related business information that Chad (Adams) has been busy dealing with – if you have a question for him his email is chad@maierandadams.com.

I believe many of these items you've probably heard about so I'll just briefly touch on some of the tax ramifications.

- *Economic impact payments (stimulus payments)* will not be included as taxable income on the 2020 tax return. They will be calculated as a refundable credit based on the 2020 tax information. Since the advanced stimulus payments were based on either 2018 or 2019 tax return information, if the credit calculates to be more than what was received or if no stimulus payment was received at all, the balance will be included on the 2020 tax return. If the taxpayer received more than the credit calculates to be, repayment does not have to be made unless there was intentional misinformation or payment was made to a deceased taxpayer.

Laura, Kallie and Stephanie!

- *Unemployment compensation* is fully taxable income for both the federal and Michigan returns. As of now, there is no provision for any part of the benefits received to be non-taxable. Federal and MI taxes can be withdrawn from unemployment benefits and should be in most cases. Penalty and interest charges can be assessed on tax returns that have a federal balance due of more than $1,000 ($500 for MI) - a large amount of unemployment benefits that have little or no withholding can cause this to happen.

- Senior citizens and retirement beneficiaries who have had to take *required minimum distributions (RMDs)* are not required to take money out of the IRAs or workplace retirement plans for 2020. If a 2020 RMD is not taken, there is no requirement to take two distributions in 2021.

  (If the RMD has already been taken, there was an option of returning the distribution to the same or another qualified plan to avoid paying tax on the distribution. This option had a deadline date of August 31, 2020.)

- Taxpayers **impacted by COVID-19** can take *"COVID distributions"* from eligible retirement accounts (including IRAs) of up to $100,000 between January 1 and December 31, 2020 and not be subject to the 10% early withdrawal penalty. The COVID distributions can be included in income in equal installments over a three year period or can be paid back into a qualified account over a three year period. If paying back the distribution, amended returns may be required to undo the tax consequences of the payback.

- Employees who have the opportunity to participate in *employer flexible spending arrangements (FSAs)* for child and/or health care expenses can make mid-year changes which will allow for responding to changes in their needs due to the pandemic. This money is put into accounts pre-tax so increasing or decreasing contributions may affect other areas of the tax return.

In other, non-COVID, tax news . . .

It will soon be the last quarter of 2020. If you've had changes in your tax situation, including having to fill out the new W4 form, it would be wise to do a tax projection about now to see that there are no unexpected surprises come tax time.

If any of the above items apply to you and you're not sure what to do about your situation, please feel free to call or email and I'll see what I can do to help.

Tax trivia for the trivia minded – The top income tax rate during World War I was 77%, during WWII it went as high as 81%, and during the baby boom years of 1954 through 1962 it was a whopping 92%! Hope that helps someone win a trivia contest once we can socialize again!

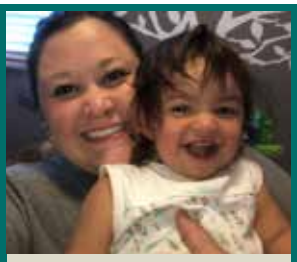
Last but not least, I want to welcome Krystal Kohlman to the accounting services team. Krystal is a CPA and tax planner who has worked in the financial service industry for the past few years. We're looking forward to working with her.

Here's to the rest of 2020 being a safe and uneventful year-end!

RJFS does not provide tax advice. Tax advice is provided by Maier and Adams Accounting Services Inc.

Maier & Associates Family Spotlight

Nate and his grandmother!



Bridgette and her very smiley daughter!

Joe and Laura visting the Mighty Mac!

Myles celebrating his 8th birthday!

Laura's sons, Devin & Myles, smiling for the camera.

Vanessa and husband Kirk!

Danielle & Nolan visiting the U.P.

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