



For the Week of January 11, 2021

## THE MARKETS

Stocks closed higher Friday, with the S&P at a record high, despite the Capitol riots and a negative jobs report. Investors appeared buoyed by President-elect Joe Biden's comment that he would support an economic stimulus package in the trillions of dollars, which would include unemployment benefits and rent forbearance. For the week, the Dow rose 1.66 percent to close at 31,097.97. The S&P gained 1.88 percent to finish at 3,824.68, and the NASDAQ climbed 2.45 percent to end the week at 13,201.98.

| Returns Through 1/08/21    | 1 Week | YTD   | 1 Year | 3 Year | 5 Year |
|----------------------------|--------|-------|--------|--------|--------|
| Dow Jones Industrials (TR) | 1.66   | 1.66  | 10.70  | 9.67   | 16.49  |
| NASDAQ Composite (TR)      | 2.45   | 2.45  | 45.89  | 23.89  | 24.57  |
| S&P 500 (TR)               | 1.88   | 1.88  | 19.76  | 13.84  | 17.06  |
| Barclays US Agg Bond (TR)  | -0.94  | -0.94 | 6.41   | 5.12   | 4.10   |
| MSCI EAFE (TR)             | 3.16   | 3.16  | 11.67  | 4.56   | 9.50   |

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

**Long Term** — The S&P 500 has gained an average of 10.9 percent per year (total return) over the past 50 years. The index has been positive in 16 of the last 18 years. Over the long-term, the S&P 500 has been up during 40 of the last 50 years (source: BTN Research).

**Jobless** — The lowest (3.5 percent) and the highest (14.7 percent) unemployment rates in the United States in the last 50 years both occurred in 2020, and they took place just two months apart (source: Department of Labor, BTN Research).

**Every Day** — An estimated 10,800 Americans will turn 65 years old each day in 2021. That's one every eight seconds. This group represents the 11th year of 19 years of baby boomers turning age 65. An estimated 11,500 Americans will turn 65 years old each day in 2029 (source: Government Accountability Office, BTN Research).



WEEKLY FOCUS



Quick Facts About the New Stimulus Package

In late December, Congress passed a \$900 billion stimulus package, which included \$600 checks to qualifying citizens. After initially refusing to sign the bill unless the checks were increased to \$2,000, President Trump signed it. Although the House voted to increase the checks, the Senate didn't pick up the vote, leaving the original package unchanged. Some highlights from the bill include:

The IRS and the Treasury have already started direct deposits.

Recipients who don't have direct deposit set up with the IRS will receive physical checks or Economic Impact Payment cards – provided the IRS gets to them by January 15. Those the IRS doesn't get to by that cutoff date will need to claim a recovery rebate credit when they file their taxes.

Qualifications for this bill's checks differ from the CARES Act in a few ways.

Eligibility is determined based on 2019 tax returns (compared to 2018 or 2019 with CARES). To receive a full payment, an individual can't have a 2019 adjusted gross income (AGI) above \$75,000; married couples can't have an AGI above \$150,000, and a head of household's AGI can't be over \$112,500. Eligible parents will receive checks for children under the age of 17.

People with higher incomes will receive a partial payment, which declines by \$5 for every \$100 of income over the full-payment limits. So, individuals with income of \$87,000 and above and married couples filing jointly with \$174,000 will not receive payments.

The IRS answers questions about the second stimulus checks and provides a tracking option at <https://www.irs.gov/coronavirus/economic-impact-payments>.

Other provisions from the 5,600-page bill include:

- Individuals drawing unemployment benefits will receive an extra \$300 a week through March 14.
- Some hard-hit small businesses may be able to apply for a second Paycheck Protection Program loan.
- Employers deferring payroll taxes under the President's executive action have until the end of 2021 to increase employees' withholding to pay back taxes owed.
- The \$300 above-the-line deduction for cash contributions to qualified charities is extended through 2021.

If you have questions on how the bill may affect you or other financial concerns, don't hesitate to call.

*We do not provide tax advice; coordinate with your tax advisor regarding your specific situation.*

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