

March 20, 2020

Dear Clients and Friends,

At our Firm, we are reviewing each client's portfolio year-to-date versus the stock market, but it is taking longer than anticipated, so in the meantime, we felt that an email might help. This is not a substitute; it is just a quicker way to reach everyone. After reviewing your portfolio, if we see that some kind of immediate action needs to be taken, we will call you right away. If you don't hear from us right away, your strategies are working properly, so sit back, try to relax, hope that this blows over quickly and we will talk to you soon.

The Coronavirus has impacted everyone to some degree. At this time, Mark, Mike and Russell are working remotely, while Steve Webb and Gina are manning the office. Hopefully, this will reduce the risk of catching and then spreading the virus. No one at our office has the virus or is showing symptoms. We are just taking precautions, as we know many of you are also.

The stock markets are in a bear market YTD (by definition, it is a decline of -20% or more) and as of March 16th, the DJIA was down about -29%. That's the bad news. Of course, this has many investors very nervous and wondering what to do. At this point our recommendation is to do NOTHING. If an investor sells now and goes to cash, they would be realizing the loss. They might feel better, but there is no way they would be able to make up that loss when the market turns around – that money is gone. We believe the best advice now is to wait for the rebound. So, what are we doing?

We are reviewing the investment strategies we use to see if their management is adhering to their stated objective and strategy. If we find that any that are not executing what they said they would do, or their strategy is just not working properly, we will let you know and address that issue in the future. The good news is that most of your portfolios that we have reviewed so far have declined far less than the overall markets, indicating that the diversified strategies we have developed for your portfolios are working as planned. Some of your individual investments have declined as much as the market, but others have declined much less and a few didn't participate in the markets at all. Therefore, what we have seen so far is very encouraging.

We will continue to monitor your investments and the management firms and will inform you if any changes need to be made now or in the future. However, in the meantime, if you have any pressing needs or questions, please do not hesitate to give us a call right away.

Here are a couple of items that might be helpful to you.

Obviously, because of the stock market decline, we would recommend that, those who need to, take their IRA RMDs later on this year (those age 72 and older and those with Inherited IRAs) – unless you need the withdrawals sooner. In that case, let us know as soon as your need arises. In the meantime, possibly wait until November.

As of January 1, 2020, the new Secure Act went into effect and may have an impact on your retirement plans. Here are just some of the highlights.

- RMD's will now start when you reach age 72 not 70.5
- If you are still working, you can now contribute to your IRA after age 70.5
- Inherited Retirement Accounts: Upon the death of an owner,

distributions to non-spouse individual beneficiaries, must be

made within 10 years. You no longer have the Stretch IRA option for lifetime income. You can take it all out in year 1 or year 10 or anything in between, but it has to come out by the 10th year. Current Inherited IRAs are grandfathered and not subject to this change.

- The new law allows penalty-free withdrawals from retirement

plans for birth or adoption expenses up to a \$5,000. Limit.

Many homeowners do not know of a tax savings known as the Homestead Exemption.

General Residence Homestead Exemption :

- Must own and occupy the property as your principal residence on Jan 1
- Free to file - - It is NOT necessary to pay someone to file for you
- Forms are available at www.tad.org
- Provides a discount on taxes (varies by jurisdiction)
- Caution: If you have filed for a homestead exemption and then create a trust

you must file the homestead exemption form again as this is considered a change ownership

- May only claim one property in Texas as your homestead.

Age 65 Or Older Exemption:

- This exemption is effective January 1 of the year in which you become 65
- Free to file
- Forms are available at www.tad.org
- Provides a discount on taxes (varies by jurisdiction)

Other Exemptions Too:

- Disabled, Surviving Spouse, Disabled Veterans
- See www.tad.org for more information

As your Advisor, we take our responsibilities very seriously and will continue to watch over your investments so you can enjoy yourselves doing other things. Let us do the worrying for you! Again, if you have any pressing needs or questions, please do not hesitate to give us a call right away.

Mark, Mike, Russell, Steve and Gina