



For the Week of September 21, 2020

THE MARKETS

The major stock indices fell Friday, contributing to their third straight weekly loss. Investors demonstrated concern over uncertainty about an additional round of stimulus legislation, new tensions with China, and steep declines of big tech stocks. For the week, the Dow fell 0.01 percent to close at 27,657.42. The S&P lost 0.60 percent to finish at 3,319.47, and the NASDAQ dropped 0.53 percent to end the week at 10,793.28.

Returns Through 9/18/20	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	-0.01	-1.35	4.34	9.94	13.78
NASDAQ Composite (TR)	-0.53	21.11	33.28	19.93	18.76
S&P 500 (TR)	-0.60	4.17	12.53	12.02	13.41
Barclays US Agg Bond (TR)	-0.09	6.93	7.85	5.24	4.23
MSCI EAFE (TR)	0.79	-4.46	2.73	1.75	5.02

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.

Mostly Mortgage Debt — Total household debt in the United States was \$14.27 trillion as of June 30, down slightly from the all-time record of \$14.30 trillion set as of March 31. 69 percent of the \$14.27 trillion household debt total (\$9.78 trillion) is mortgage debt (source: Federal Reserve Bank of New York, BTN Research).

Some Relief — A maximum \$2,500 of interest expense from student loans is deductible annually from taxable income. Consult a tax expert for details (source: Internal Revenue Service, BTN Research).

All Stocks — The total stock market capitalization of U.S. equities peaked at \$36.1 trillion as of Feb. 19, fell to \$23.4 trillion as of March 23, and has bounced back to \$35.6 trillion as of Friday, Sept. 11 (source: Wilshire, BTN Research).



WEEKLY FOCUS – When You Inherit an IRA

When you lose a loved one, your first thoughts won't be about what to do with their IRA. But if you're a beneficiary, it is important to make wise decisions to avoid excess taxes and penalties. Due to changes to the beneficiary rules in the SECURE ACT, the following information applies to deaths on or after January 1 of this year.

Everyone: Any beneficiary can take all the account assets as a lump sum payment without incurring a 10 percent early withdrawal penalty. However, if it's a traditional IRA, you'll pay income taxes on the amount distributed, which might push you into a higher tax bracket. And if it's a Roth IRA that is less than five years old, you'll owe taxes on the earnings. If the benefactor was over the Required Minimum Distribution (RMD) age, you will need to determine whether the benefactor took their RMD for the year they died. If they didn't, you must do so before the end of the calendar year or incur a 50 percent penalty on the RMD amount.

A surviving spouse: A surviving spouse has the most options. You can designate yourself as the owner of your spouse's account, transfer the funds into your own IRA, or open an inherited (or stretch) IRA. With the latter, RMD amounts will be based on your age and be recalculated each year based on the factors in the IRS Single Life Expectancy Table.

Other eligible designated beneficiary: If you're a minor, chronically ill, disabled, or less than 10 years younger than the deceased, you may open a stretch IRA described above. When minors reach the age of majority, the ten-year distribution rule applies.

Another relative or friend: If you don't fall into the categories above and don't choose to take a lump payment, you will need to create an inherited IRA account and transfer the funds. You won't be allowed to make new contributions to the account. There are no annual required distributions, but you must withdraw all the money within 10 years.

COVID exceptions: Because of COVID, all RMDs have been suspended for 2020. This waiver includes inherited accounts. Consult with your tax advisor regarding the impact of COVID-related legislation on the ten-year liquidation requirement.

This brief article doesn't cover all the rules and options regarding inherited retirement accounts. But we would be happy to explain different possibilities and their ramifications, and work with your attorney and accountant to guide you through any decisions you may face. *Consult your tax advisor regarding your own unique situation.*



PRIVATE
WEALTH MANAGEMENT
& CONSULTING, LLC

Here for you through all of life's phases.

Securities offered through Securities America, Inc., Member FINRA/SIPC. Advisory Services offered through Securities America Advisors, Inc. Private Wealth Management & Consulting and Securities America, Inc. are separate entities.
Not NCUA Insured – No Credit Union Guarantees – May Lose Value – Not a Deposit – Not Insured by any Government Agency

Do you have family, friends or colleagues who might enjoy receiving our market commentary? If so, please forward their name and email address to us for inclusion on our distribution list.

cell: (850) 228-4854
eknowles@pwmcllc.com
www.PWMCLLC.com



Edward A. Knowles, AIF®, BFA™
President / Wealth Advisor

* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE Index) is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 20 European and Pacific Basin countries and includes reinvestment of all dividends. Barclays Capital Aggregate Bond Index is an unmanaged index comprised of U.S. investment-grade, fixed-rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and 10 years. Written by Securities America, Copyright September 2020. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SAI# 3249384.1