



For the Week of April 19, 2021

## THE MARKETS

Stocks rose Friday amid encouraging economic data and corporate earnings. The Dow and the S&P topped record highs; the Dow crossed the 34,000 threshold for the first time on Thursday. For the week, the Dow rose 1.18 percent to close at 34,200.67. The S&P gained 1.39 percent to finish at 4,185.47, and the NASDAQ climbed 1.10 percent to end the week at 14,052.34.

| Returns Through 4/16/21    | 1 Week | YTD   | 1 Year | 3 Year | 5 Year |
|----------------------------|--------|-------|--------|--------|--------|
| Dow Jones Industrials (TR) | 1.18   | 12.33 | 48.43  | 14.25  | 16.54  |
| NASDAQ Composite (TR)      | 1.10   | 9.23  | 65.99  | 26.46  | 24.56  |
| S&P 500 (TR)               | 1.39   | 11.92 | 52.02  | 18.27  | 17.27  |
| Barclays US Agg Bond (TR)  | 0.35   | -2.56 | -0.22  | 5.02   | 3.19   |
| MSCI EAFE (TR)             | 1.66   | 7.85  | 48.51  | 6.77   | 9.31   |

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.

**Home Building** — 991,000 single-family homes began construction in 2020, the ninth year of increasing home starts since this measurement bottomed at 431,000 in 2011. The all-time U.S. record for home starts in a single year is 1.72 million in 2005 (source: Census Bureau, BTN Research).

**Close the Door?** — 32 percent of Americans surveyed believe foreign imports shipped into the United States represent a threat to the U.S. economy (source: Gallup's 2021 World Affairs survey, February 2021, BTN Research).

**Fed Targets** — In Chairman Jerome Powell's March 17 post-meeting press conference, he said the Fed will not raise interest rates until our nation records a 3.5 percent unemployment rate and annual inflation of at least 2 percent. The country's jobless rate as of March was 6.0 percent, and inflation, using the personal consumption expenditures (PCE) index preferred by the Fed, was up 1.6 percent for the one year through Feb. 28 (source: Federal Reserve, BTN Research).



## WEEKLY FOCUS – Roth IRAs Attracting Attention This Year

Undoubtedly, you've heard speculation about future tax increases due to increased government spending during the pandemic. Such predictions have more people considering Roth IRAs since money that goes into these accounts has already been taxed, earnings grow tax-free, and qualified withdrawals are not taxed. If you've never had a Roth, here are some things to know.

**2021 guidelines.** You can't contribute more than your taxable compensation. The maximum contribution to an individual Roth IRA is currently \$6,000 if you're under 50 and \$7,000 if you're 50 or older. To contribute the maximum amount, your modified adjusted gross income (MAGI) must be less than \$125,000 if you're a single filer or less than \$198,000 if you're married and file jointly. Allowable contributions are reduced for those with higher incomes up to \$140,000 in MAGI for single filers and \$208,000 in MAGI for married joint filers. Once those thresholds are reached, no contributions are allowed.

**Rollovers.** Individuals who have traditional IRA or 401(k) accounts\* are allowed to roll some or all of these funds into a Roth IRA, regardless of their income. But it should be noted, the initial deposit into these pretax accounts and any subsequent earnings will be subject to tax when moved into a Roth, which could result in a higher tax bracket for the year. (\*if their employer plan permits this)

**Roth 401(k) accounts.** A growing number of employers have added Roth 401(k)s to their retirement plan offerings. The Roth 401(k) provides many of the same advantages a privately held Roth IRA does. The employee's contributions to both accounts are made with after-tax dollars, grow tax-free, and offer tax-free withdrawals during retirement. But the two have marked differences, including:

Unlike privately held Roth accounts, there are no income caps when contributing to an employer-sponsored Roth 401(k). And maximum contributions are considerably higher with a Roth 401(k). The standard limit is \$19,500; with another \$6,500 catchup for those 50 or older. (If you contribute to a traditional 401(k) *and* a Roth 401(k), your combined contributions can't exceed these figures.) An employee with a Roth 401(k) may benefit from an employer match above these limits. However, the employer's portion must go into a traditional 401(k) account and will incur income tax when withdrawn.

With the variety of retirement plans available today, it can be difficult to weigh each option's advantages and disadvantages. Contact our office today for help determining which plan or combination of plans best suits your individual goals and circumstances. *We do not provide tax advice; please consult an accountant for more information.*



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\*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 April 2021. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SAI# 3553989.1