

JULY 2020

# THE NAVIGATOR

NEWS FROM TEAM FAS



## PRESIDENT'S MESSAGE

MATT ARNOLD, CFP®  
*President of FAS*

Greetings everyone,

As we share this edition of The Navigator with you, I thought we might start with a recap of what we observed many of our investment managers doing through these challenging past four months. As news of the pandemic reached the markets, many managers reassessed their stock holdings to determine what companies might be vulnerable and should be sold sooner rather than later. They were looking at industries and companies that could face significant challenges depending on the severity and length of the economic disruption. Stocks in cruise lines, airlines, resorts, casinos, and hotels were often evacuated from the portfolios.

Although our portfolios did not have a high concentration in these sectors, the sales of vulnerable holdings did create some working capital for the managers. While times like these tend to alarm investors, fund companies see this as an opportunity and managers started looking at their portfolios through a different lens. They were looking at currently owned stocks that, based on their due diligence, they believed would be industry leaders and well positioned for the months ahead. With these criteria in mind, managers often increased their holdings of companies like Clorox, 3-M, Microsoft, Amazon, and UPS during times of lower share prices.

With the remaining proceeds, managers evaluated new holdings for the portfolios and tried to determine what was a fair price to pay. Understand, most managers don't want to take a large position in a stock in just one day. It was not uncommon to see them buy into a holding several times throughout this period of volatility. Our industry calls this "dollar cost average." This is exactly what you are doing as you continue to contribute to your 401(k).

As of the writing of this letter, we are surprised to see the market having recovered to almost pre-COVID-19 highs, close to where we were back at the beginning of January. While this might make us all feel a little better about our portfolios, part of me also has to say that I am not sure it all adds up. We have yet to hear the earnings reports (or the lack thereof) from major corporations for the second quarter.

It would not be surprising to see the market react negatively when these numbers come out early in the third quarter. I'm sure you will soon see that the National Bureau of Economic Research has classified this as a recession. This fact alone could cause some negativity in the markets as well. It is still early and it may take several months before we see some corporate bankruptcies announced as a result of the economic shutdown/slowdown, with Hertz being the early example. Many of these companies won't go away or be out of business, rather they will seek protection and reorganization. Oh, and don't forget a little thing called an election we have to get through in November!

This is a rather short term perspective of what we might face in the months or quarters to come. However, we would encourage you all to remember that we have confidence in our country and trust that the financial markets will get through these times of uncertainty, just as they have in the past.

We want to thank you all for your calls, notes, emails, and texts to check in on us. We are all doing well. We have an obligation to be available to you when the market is open and I am happy to say we didn't experience any interruption of service. Meetings went on without a hitch, just by phone or video. Our team rotated from working remotely at home to coming in and processing mail and checks so that your lives were not interrupted on this end. We are now back in the office all day, every day. Our next big decision is when we will open our office back up for face to face meetings. At this time we are not able to pick that date. The reality is, we don't want to be asymptomatic and take a chance of unknowingly having the virus and passing it on to you. I trust you respect our decision to be cautious as we work with many elderly clients who have compromising health conditions.

Our heart and prayers go out to you who have suffered a personal loss during this time. We also celebrate with those who have been infected with Covid-19 and have survived. Our deepest gratitude goes to the first responders and medical professionals who put their health at risk each and every day to help and treat patients of all kinds. We look forward to seeing you again soon, and hope you and your loved ones stay well.

*Matt*



# FAS FACTS ABOUT THE SECURE ACT

The “Setting Every Community Up for Retirement Enhancement” Act of 2019, better known as the SECURE Act, which originally passed the House in July, was approved by the Senate on Dec. 19, 2019, as part of an end-of-year appropriations act and accompanying tax measure, and signed into law on Dec. 20 by President Donald Trump. The far-reaching bill includes significant provisions aimed at increasing access to tax-advantaged accounts and preventing older Americans from outliving their assets.<sup>1</sup> Below are some items our clients will be interested in knowing.



## SECURE ACT FACTS:

The beginning age for required minimum distributions (RMD) was raised from 70 ½ to 72.

The maximum age of 70 ½ for making traditional IRA contributions was repealed.

The lifetime stretch was eliminated for most non-spouse beneficiaries on qualified accounts and replaced with a 10-year period.

The Act created a new exception to the 10% penalty on early distributions from IRAs and defined contribution plans for expenses related to the birth or adoption of a child.

Qualifying expenses for 529 plans were expanded to include registered apprenticeship programs and certain student loans (effective for distributions made after December 31, 2018).

<sup>1</sup> <https://www.congress.gov/bill/116th-congress/house-bill/1994/text>



8:30AM - 11:30AM

## MARK YOUR CALENDARS! DOCUMENT SHRED DAY

It's almost time for our annual Document Shred Day! Protect your sensitive personal information by shredding your paper documents with us free of charge. Join us at the FAS office on Saturday, July 11 from 8:30 AM - 11:30 AM.

No appointment is necessary. Just bring your box of documents and we'll take care of the rest!



# WE HOPE TO SEE YOU AT THESE COMMUNITY EVENTS!

*Due to COVID-19, the dates & times of these events are subject to change. Please follow the FAS Facebook page for the latest updates.*

Please join us as we support some great events that benefit our local community. As we've done in past years, FAS will pay for all clients that wish to participate in any of the events listed below. Please contact Angie DeGideo at the office to get information about how to register.

## **Marling Band Shell Concerts:**

### **August - September**

FAS is a proud sponsor Greenville Municipal Concert Band Concert Series. What better way to enjoy our beautiful city park along with some great music! We hope to see you all at some of the 2020 concerts.

**August 2:** Concert Band

**August 9:** Concert Band

**August 16:** Concert Band

**August 23:** No concert due to the fair

**August 30:** Jazz Band

**September 6:** Concert Band

## **Document Shred Day:**

**Saturday, July 11th, 8:30-11:30 am**

## **Poultry Days 5K:**

**August 15th (Versailles)**

[www.YOLOorg.com](http://www.YOLOorg.com)

## **7th Annual YOLO Festival of Races:**

**October 10th (Greenville)**

[www.YOLOorg.com](http://www.YOLOorg.com)

## **5K Run/Walk For Scentral Park:**

**Saturday, October 17th**

A canine-friendly race benefiting Darke County's only dog park! [www.gtraces.com](http://www.gtraces.com)

## NEWS YOU NEED TO KNOW



**New Team Member:** We're very excited to announce and welcome Crysta Bloomingdale to our team as an Administrative Assistant. Crysta joined us in early March, just before stay-at home orders were enacted, so her time with us so far has been very unique. Crysta comes from a background of non-profit management, and some of you may have interacted with her in her previous position as Executive Director of Main Street Greenville. She looks forward to meeting more of you in person soon!

**2019 IRA Contributions:** There's still time for your 2019 IRA Contributions. The deadline was extended to July 15th, 2020.

**New SEC Ruling - Regulation Best Interest:** We would like to inform you of some communication you'll be receiving in the next few weeks regarding Regulation Best Interest. A mailing that includes new disclosure documents will be sent to all of our clients. The mailing will come from our broker-dealer, Royal Alliance. There are no actions you'll need to take when you receive these documents. At FAS we have always acted in the best interest of our clients so things here will be business as normal.

**Future Email Communications:** As we begin to adapt our business operations for a post-pandemic world, we want to inform you that we'll be utilizing email communication more frequently. Please note that these communications will be rare but important. This will allow us to quickly communicate with our clients on topics we feel are important for you, no matter the circumstances.

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Greenville, OH 45331



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## DO YOU HAVE YOUR LICENSE TO FLY?

If you plan to travel by air next fall, be sure that you have the correct form of identification! Beginning **October 1, 2021** (updated from the previous date of October 1, 2020 due to the pandemic) the federal government will no longer consider standard driver licenses and identification cards as sufficient forms of identification for air travel.

TSA will require a federally compliant driver license, identification card or another acceptable form of identification (such as a US passport or military ID) to fly within the U.S. That means if you don't have a passport and you are planning air travel, you must upgrade your driver's license before October 1st.

### What to bring to the BMV for a license renewal?

- US Birth Certificate or US Passport
- Social Security Card or W-2 Form
- A document that proves your street address like a utility bill or school record