



For the Week of August 3, 2020

## THE MARKETS

Stocks closed Friday's session and the month of July higher after trading lower earlier in the day. Uncertainty over the next stimulus package and falling consumer sentiment weighed on investors while strong quarterly earnings among major tech companies buoyed investors. The S&P achieved its fourth weekly gain, and the three major indices posted their fourth month of gains. For the week, the Dow fell 0.15 percent to close at 26,428.32. The S&P gained 1.75 percent to finish at 3,271.12, and the NASDAQ climbed 3.70 percent to end the week at 10,745.27.

Returns Through 7/31/20	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	-0.15	-6.14	0.83	9.02	11.05
NASDAQ Composite (TR)	3.70	20.40	32.78	20.44	17.25
S&P 500 (TR)	1.75	2.38	11.96	12.01	11.49
Barclays US Agg Bond (TR)	0.30	7.72	10.12	5.69	4.47
MSCI EAFE (TR)	-2.12	-9.28	-1.67	0.63	2.10

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.

**Hospitals** — Between March 1 and June 30, American hospitals lost \$51 billion per month of revenue due to canceled and foregone medical services (source: American Hospital Association, BTN Research).

**Just in Case** — The five largest banks in the U.S. announced in mid-July their plans to set aside \$35 billion to prepare for what could be a wave of future defaults – mortgages, credit cards, personal loans, auto loans and corporate bankruptcies. The banks estimate that \$24 billion of the \$35 billion of potential losses could occur over the next 12 months (source: CNN, BTN Research).

**Cheap Money** — The national average interest rate for a 30-year fixed-rate mortgage as of July 16 was 2.98 percent, an all-time record low, producing a \$421 monthly principal and interest payment per \$100,000 borrowed. The national average rate rose slightly to 3.01 percent on July 23 (source: Fannie Mae, BTN Research).



## WEEKLY FOCUS – Things You Can Do With an IRA But Not a 401(k)

While both 401(k)s and IRAs share some similarities as tax-deferred retirement savings vehicles, IRA accounts allow you to do some things you can't with a 401(k), such as:

**Combine your RMDs.** Required minimum distributions (RMDs) are waived in 2020 because of COVID-19. But normally, if you have multiple 401(k) accounts when you are 72 or older\* and no longer working, you'll need to take your RMDs from each 401(k). But if you have multiple IRAs, you can combine the RMDs and take them from any single IRA account. (\*or 70½ if you reached that age before Jan. 1, 2020)

**Take an early distribution.** While it's best to avoid using retirement savings for other purposes, when the unexpected occurs, being able to access them can be a real gift – even if you must pay income tax and a penalty for an early withdrawal. This option is guaranteed under the law with IRAs; whether you have this same ability with your 401(k) depends on your plan's rules.

**Use funds for qualified expenses.** Although early withdrawals from pretax retirement accounts generally incur a penalty, there are legal exceptions for IRAs, including using funds for higher education expenses or using up to \$10,000 toward a first home purchase.

**Make a qualified charitable distribution (QCD).** If you are 70½ or older, you may choose to send up to \$100,000 directly from your IRA account to a charity. Because the QCD is not counted as income, it may lower your tax bill more than if you take a distribution and make a separate donation. Plus, the QCD can offset part or all of your RMD. However, under the SECURE Act, IRA owners must reduce intended QCDs by any IRA contribution amounts made after age 70½.

**Enjoy greater investment choices.** Most 401(k) plan sponsors limit investors to a few dozen mutual funds, some of which may be accompanied by high fees and lackluster performance. In contrast, except for prohibited investments, such as life insurance or collectibles, choices are nearly limitless in an IRA.

Need help deciding whether to roll a 401(k) into an IRA or to consolidate retirement accounts? Give us a call to discuss the pros and cons.

*Securities America and its representatives do not provide tax advice; coordinate with your tax advisor regarding your specific 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 August 2020. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SAI#3187288.1