



For the Week of June 1, 2020

## THE MARKETS

Stocks ended mostly higher on Friday after the White House said it would end special treatment of Hong Kong in light of China's recent security crackdowns but did not indicate it would pull out of the Phase 1 trade agreement with China. The three major indexes posted gains for the week and the month. For the week, the Dow rose 3.85 percent to close at 25,383.11. The S&P gained 3.04 percent to finish at 3,044.31, and the NASDAQ climbed 1.79 percent to end the week at 9,489.87.

Returns Through 5/29/20	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	3.85	-10.06	4.83	9.05	9.76
NASDAQ Composite (TR)	1.79	6.22	28.66	16.48	14.64
S&P 500 (TR)	3.04	-4.97	12.84	10.23	9.86
Barclays US Agg Bond (TR)	0.23	5.47	9.42	5.07	3.94
MSCI EAFE (TR)	5.10	-14.26	-2.81	-0.37	0.79

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.

**A Disincentive to Go Back to Work** — An estimated 65-75 percent of out-of-work Americans receiving unemployment benefits are being paid more money per week than they were receiving pre-pandemic from their employment (source: J.P. Morgan "Eye on the Market", BTN Research).

**New Note** — The U.S. government auctioned off \$20 billion of new 20-year Treasury notes on May 20, its first sale of 20-year paper since 1986. Subsequent auctions of 20-year Treasury notes are scheduled each month going forward. In 1986, the auction of 20-year notes occurred quarterly (source: Treasury Department, BTN Research).

**Would You Pay More?** — If U.S. airlines were to stop booking passengers into middle seats in order to achieve some level of social distancing, they would need to raise ticket prices by 43 percent to recover lost revenue (source: International Air Transport Association, BTN Research).



## WEEKLY FOCUS – The IRS Allows Mid-Year Changes

In the wake of COVID-19, millions of Americans have been furloughed or laid off, had their hours cut or found their earnings reduced. As a result, an employee may find it difficult to make their healthcare premiums or may want to add a family member who now needs healthcare coverage to their plan.

Thanks to shutdowns and social distancing, unnecessary medical procedures have been postponed, and childcare facilities have temporarily closed or limited their capacity. As a result, many employees have used less than they planned from their Flexible Spending Account (FSA) or Dependent Care Flexible Spending Account (DCFSA).

Typically, changes to work-sponsored health plans or flexible spending accounts can only be made during the annual open enrollment period, except for qualifying events, such as getting married, having a baby, losing healthcare coverage or the death of a family member. Because of unique circumstances the coronavirus has created, the IRS announced on May 12 it was temporarily permitting employers to allow employees to change plans mid-year.

For the rest of the 2020 plan year, employers may let employees elect health coverage they previously declined or drop their company plan if they attest in writing that they are enrolled or will immediately enroll in other coverage. Employers may permit employees to change their healthcare plan election to one with lower premiums or better coverage, or to change their individual coverage to family coverage.

Likewise, employers may let employees revoke their FSA or DCFSA election, make a new election or decrease or increase their existing election. Employers may also allow staff to use money they hadn't spent at the end of their 2019 plan year or grace period ending in 2020 through Dec. 31, 2020. FSAs or DCFSAs that offer a carryover can let employees carry up to \$550 from 2020 over to 2021. Employees who lose or quit their job should use any unused flexible spending account funds before their last day at their present employer to avoid losing them.

It should be noted, the IRS does not require employers to offer all – or any – of these changes, so interested individuals should check with their HR department. If you or a family member needs help making decisions about healthcare coverage or adjusting to a drop in income because of COVID, please give us a call.



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 June 2020. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SAI#3108017.1