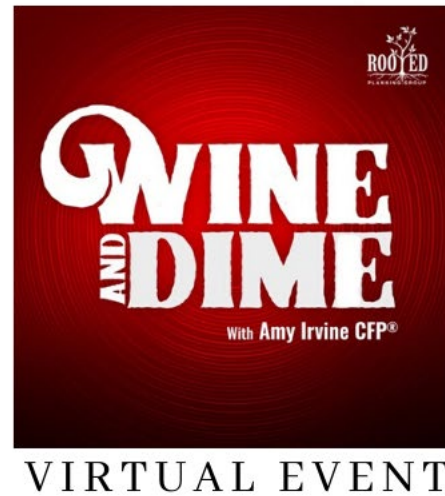


Welcome to the Wine and Dime Virtual Q&A Event



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Does the current state of the
economy have you confused?

Presented by
Amy Irvine, CFP®, EA, MPAS®, CCFC
Rooted Planning Group



Introduction

- The stock market / economy connection
- What happened? How does this compare to other shocks?
- Why will it come back?
 - Fiscal Policy
 - Monetary Policy

What Happened?

- Global Economy came to an unexpected halt
- In the US, at last count I read, 65,000 cases and approximately 1,000 deaths
- Attempts for Containment have shut down service and travel industry
- Furloughs and layoffs in excess of 3.3 Million occurred
 - The peak during the great recession was 665,000 in March 2009
 - Previous week was 282,000
 - 1.5 million was estimated

What Should We Do Now?

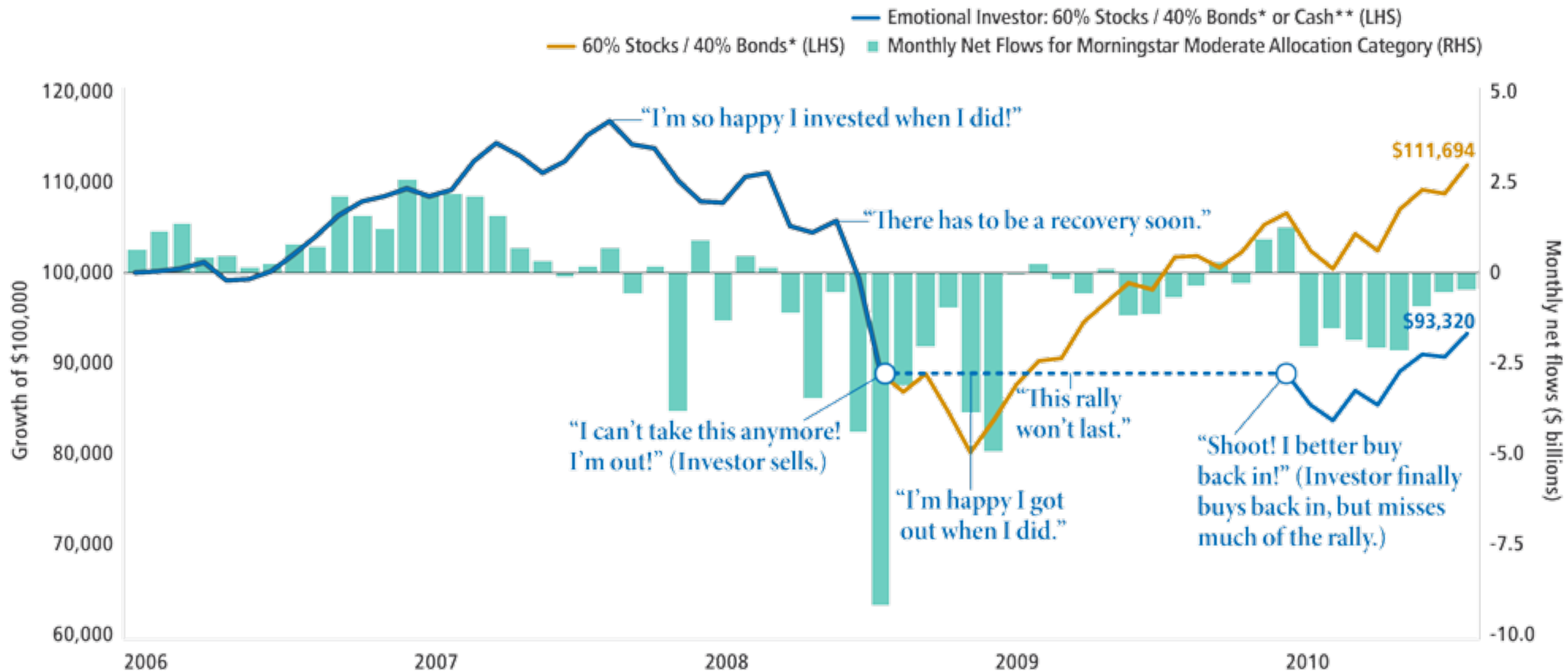
- Follow the CDC Guidelines
- Take reasonable steps – BUT don't panic
- If you've lost income:
 - Evaluate - what can be used as emergency funds?
 - What programs are out there (especially the monetary policies)
 - Be proactive if you have debt – talk to the lenders
 - Take advantage of the low rates and refinance
- Investments
 - Stick with the plan, keep a diversified portfolio (see later slides)

Stock Market / Economy Connection

- What is a recession?
 - A period of economic slow down
- What we've heard this week
 - Unemployment claims unprecedented levels
 - Durable Goods Up in February, but year over year down for the 10th month (up 1.2% versus expected decline)
 - Mortgage applications declined
 - Rates were higher
 - Social Distancing

HOW NOT TO DEAL WITH A SCARY MARKET —





January 2006 to December 2010. Source: Morningstar, Bloomberg, PIMCO

Hypothetical example for illustrative purposes only. Not indicative of the past or future performance of any PIMCO product.

* Stocks are represented by S&P 500 Index. Bonds are represented by Barclays U.S. Aggregate Index. It is not possible to invest in an unmanaged index.

** These results are based on hypothetical modeling and are intended for illustrative purposes only. Emotional Investor is assumed to move to cash on 10/31/2008 and back to 60% Stocks / 40% Bonds on 04/30/2010. Hypothetical and simulated examples have many inherent limitations and are generally prepared with the benefit of hindsight. There are frequently sharp differences between simulated results and the actual results. There are numerous factors related to the markets in general or the implementation of any specific investment strategy, which cannot be fully accounted for in the preparation of simulated results and all of which can adversely affect actual results. No guarantee is being made that the stated results will be achieved.

Federal Reserve Chairman Jerome Powell

“At a certain point, we will get the spread of the virus under control. At that time, confidence will return, businesses will open again, people will come back to work,” he added. “So you may well see a significant rise in unemployment, a significant decline in economic activity. **But there can also be a good rebound on the other side of that.**”

Why will it come back? Amy's Opinion....

- Monetary Policy – Decisions Made by Federal Reserve
- Fiscal Policy – Decisions Made by Government
 - Read More About This Here: <https://mailchi.mp/c0aab553ed03/economy-thoughts-and-federal-student-loan-temporary-interest-waiver>
- Spending Habits of this Country
- History –
 - no shock is the same
 - no recovery is the same
 - But this is an “abnormal” recession because it truly came out of the blue due to the “all stop” production globally.
 - Will we go into a depression? In my opinion, no because of both the monetary and fiscal policy and actions have been swift. Balance sheets going into this recession were strong.

Monetary Policy – Federal Reserve Decisions

- Fed Funds Rate Reduced
- \$1 Trillion of liquidity to markets
- Quantitative Easing – bought \$500 Billion of US Treasury Bonds and \$200 Billion in Mortgage Backed Securities
- Support to Commercial Paper Funding Facility – these are money market type accounts

Fiscal Policy

- \$8.3 Billion for health and human services and CDC (early March)
- Delay of April 15th Tax Date to July 15, including the first estimated tax payment (but not the June 15th estimated tax payment)
- IRA contribution due date extended
- CARES Act (still needs to be approved by the house)
- RMD Waived for the year for
- Allows for participants to access cash for emergency waiving the 10% penalty on early withdrawals for those impacted
- Raise the ceiling on 401k loans to \$100,000

Fiscal Policy - CARES Act

- Almost 900 pages
- \$2 Trillion Stimulus bill
- **Unanimously** pass by Senate
- Includes the well promoted \$1,200 (\$2,400 couples) government check for individuals making under \$75,000 (single, \$150,000 married) with some phasing, plus \$500 per child
- Loans to Small Business
- Assistance to the Airline industry
- Assistance to the cruise industry, hotels, and restaurants
- \$117 billion to hospitals and veterans' health care

Fiscal Policy - CARES Act - Unemployment

- Additional \$600 per week for up to four months (plus normal amounts)
- Includes Self-Employed Individuals and Contractors
- Waiver of waiting period



Fiscal Policy – CARES Act - Small Businesses

- SBA loans – obtained from banks
 - Expedited process
 - \$350 billion “Paycheck Protection Program”
 - 250% of employer's monthly payroll
 - Tax Credit for retaining employee – 50% of wages paid during crisis for businesses that are being forced to close OR that have seen gross receipts fall by 50%
 - Delayed Payroll Tax for employers
 - \$454 billion for a new lending agency
 - Economic Injury Disaster Loan Program – low-interest rate loan for small business and non-profits
 - SBA Express Bridge Loans - \$25,000 temporary loss of income – bridge while waiting for decision and disbursement of EIDL
- <https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources#section-header-0>

Fiscal Policy – CARES Act – Multifamily Owners

- Moratoriums issued on evictions
- \$100 billion to Emergency Solutions grant – expand those eligible for rental assistance
- \$35 Billion for state housing finance agency
- \$5 Billion in immediate emergency grants to help local government's fight homelessness

Fiscal Policy – CARES Act - Student Loans

- Student Loans

- Payments may be suspended until September 30th WITHOUT penalty and interest.
- It suspends the collection on defaulted debts as well, including wage and tax garnishment.
- The BIG one is that for those seeking PSLF, you will NOT be penalized for not making payments of the next six months!
- This applies to federally held loans only (not private)
- How to maximize this
 - Defer lower interest rates
 - Take the full amount of your payment and apply it towards the higher interest rates

What are we doing now?

- Focusing on the long-term
- Revisiting Risk Tolerance for the Future
- Reaffirm Investment Policy Statements
- Review Liquidity Needs
- Staying Diversified
- Continued Rebalancing
- Considering Tax Planning Strategies

Disclosure

- Rooted Planning Group DBA of IWPS, LLC is an SEC registered Investment Adviser located within the State of New York.
- Additional information about IWPS dba RPG is available on the SEC's website at www.adviserinfo.sec.gov which can be found using the firm's identification number 284120.

Thank you and Contact Us

- www.rootedpg.com
- 607-438-2761
- info@rootedpg.com
- Mailing Address: 10 East Market Street, Corning, NY 14830

QUESTIONS?

