

## **Second Quarter 2020 update**

**U.S. stocks wrapped up their best quarter in more than 20 years, a remarkable rally after the coronavirus pandemic brought business around the world to a virtual standstill.**

**Just three months ago, investors were lamenting the end of the bull market and the longest economic expansion on record and after major U.S. stock indexes lost about 35% of their value in less than six weeks. The subsequent rebound has been nearly as brisk.**

**The 30-stock Dow ended the second quarter with a 17.8% gain. That is the average's biggest quarterly rally since the first quarter of 1987, when it popped 21.6%. The S&P 500 had its biggest one-quarter surge since the fourth quarter of 1998, soaring nearly 20%. Meanwhile, the Nasdaq Composite jumped 30.6% for the quarter, its best quarterly performance since 1999.**

**The combination of 1) Stimulus, 2) Positive trends in the virus, 3) Economic reopenings and 4) Hopes for a vaccine drove stocks higher in Q2. The 3<sup>rd</sup> quarter delivers us directly into the fall electoral season with much speculation of change in the Presidency and or house/senate.**

**We believe the markets are poised to go higher with many of the restrictions being lifted and corporate earnings returning after the shutdown.**

**This being said, we would welcome the opportunity to review your individual risk profiles along with your current asset mix. We will continue to rebalance portfolio's based on current market conditions...allowing us to be cognizant of your particular needs.**

**We again thank you for your business and wish you nothing but a healthy end to a crazy start of 2020.**

**Notes:**

**\*\*\*\*\*INSURANCE NEEDS\*\*\*\*\***

**Due to the recent Covid 19 Virus- Many individuals are looking for alternative solutions to fund their own long- term care needs or for a loved one. CAPITAL WEALTH INVESTMENTS has delivered many solutions by evaluating current insurance policies as well as purchasing new combination products that will cover Death/Long Term Care with one single premium.**

**If you are interested in a review of your current Life Insurance Policy or a Family Members please allow us to perform a side by side illustration that can provide a solution that best suits your needs.**

**After reviewing many of our clients' policies we are discovering that the older policies in some cases do not provide No lapse Guarantees and or care solutions. Our process will allow you or family members to receive care while remaining in your home while covering expenses on a pre tax basis directly paid by the policy, while allowing you to choose who will provide the care and at what cost.**

## **CARES ACT -**

The Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law on March 27, 2020. The bill focuses most of its attention to providing economic stimulus for businesses and individuals. However, there are a few provisions that change some of the rules around retirement plans and allowing those who are currently experiencing a financial or physical impact from the coronavirus to access these funds. There are three notable changes that will impact the personal planning of individuals.

### **Waiver of RMDs**

The CARES Act waives the required minimum distribution (RMD) requirement for 2020. The waiver applies to both owners and beneficiaries of qualified plans and IRAs.

- It does not apply to the annual life expectancy-based payments beneficiaries must take from inherited nonqualified annuities.
- The 2019 RMD is also waived for IRA owners who turned 70½ in 2019 and must take their 2019 RMD by April 1 of 2020. It does not provide relief for individuals who have already taken their RMD payment in 2019.

Nationwide will mail a letter to annuity members who are scheduled to take a 2020 RMD. Included in the mailing will be a form for members to select an option to cancel their 2020 scheduled RMD, if desired. The form may be returned through their Nationwide online account, fax or mail. Members can also contact our Solution Center at [800-848-6331](tel:800-848-6331) for assistance.

While the requirement to take an RMD is waived for 2020, the member can still receive their scheduled distribution. Therefore, members must request cancellation on any RMDs currently set up on annuity contracts.

Members who have already taken an IRA 2020 RMD can return the funds within the following guidelines. Return of qualified plan distributions is a plan determination.:

- Distributions made between 02/01/2020 and 05/15/2020 can be accepted until 07/15/2020

- Distributions made after 05/15/2020 will have 60 days from the date of distribution to return
- Any returned distribution will be treated as rollover

### **Waiver of 10% penalty tax on pre-59½ distributions**

The 10% penalty tax for distributions taken prior to age 59½ is waived for aggregate distributions up to \$100,000 from qualified plans (if allowed) and IRAs for a coronavirus-related distribution. This waiver does not apply to nonqualified annuities

A coronavirus-related distribution is a distribution made to an individual:

- Who is diagnosed with COVID-19;
- Whose spouse or dependent is diagnosed with COVID-19; or,
- Who experiences adverse financial consequences as a result of being quarantined, furloughed, laid off, having work hours reduced, being unable to work due to lack of child care due to COVID-19, closing or reducing hours of a business owned or operated by the individual due to COVID-19, or other factors as determined by the Treasury Secretary.

Remember, the distribution is still taxable - the taxable amount attributable to such distributions may be included in income over three years beginning with the year of distribution. Members may recontribute the funds to an eligible retirement plan within three years without regard to that year's cap on contributions.

### **Changes on Loans from Qualified Plans**

- For new and existing loans, loan payments due between March 27, 2020 and December 31, 2020 can be deferred for one year.
- The coronavirus related loans may be the lesser of: \$100,000 or 100% of the participant's vested account balance.

CARES Act provisions are voluntary, the employer or plan sponsor must amend the plan to adopt the loan provision. The plan must also determine if the participant meets coronavirus related criteria in order to allow the coronavirus loan.