Q4 2020

WEALTHYMINDS

INSIGHTS FOR YOUR FINANCIAL WELL-BEING

LOOKING AHEAD TO 2021. YEAR-END PLANNING GUIDE.

FOR CURRENT AND PROSPECTIVE CLIENTS

People's United Advisors®

LOOKING AHEAD TO 2021.
YEAR-END PLANNING GUIDE.

THE MORE THINGS CHANGE…

This year, planning takes on special importance. **And yet, the essential planning principles remain the same.**

THIS YEAR HAS BEEN ONE FOR THE BOOKS! A vicious global pandemic that's still raging. Lockdowns in our homes, businesses, and communities. Social unrest rivaled only by the late 1960s, if at all. The end of an 11-year economic expansion accompanied by the quickest descent into a bear stock market in history. Another bull market, of sorts, that picked up almost as quickly. Record-low unemployment followed by jobless rates in the mid-teens. An election that was one of the most rancorous ever, with control of the Senate still uncertain as of this writing. And for good measure, a few natural catastrophes.

Most Americans will likely not be unhappy to see 2020 recede into history. But the events of the year that's coming to a close have put us in a *planning* mindset. We've always encouraged our clients to assess their financial goals and their progress toward meeting them at year-ends. This year, planning takes on special importance. And yet…

…The Basics Are the Same

As much as 2020 has been uniquely challenging, the essential planning principles remain as they've always been. Which is why our first recommendation to clients is, Take a breath! Although the COVID-19 lockdowns have surely taken a toll on you—emotionally, if not financially as well—don't switch lanes if your investment and financial objectives haven't changed.

And so in this paper we'll review some essential planning tenets as well as the modifications appropriate for year-end and 2021. Because these principles apply, in different degrees, across the generations, we'll present them in a unified format, but with sidebars geared to Millennials (born 1981 through 1996), Generation X (1965-1980), and Baby Boomers (1946-64), respectively.

It's Easy—and Dangerous—to Avoid

Financial planning intimidates, or bores, lots of people. It's not difficult to understand why. Planning takes a lot of data-gathering, a lot of thinking about the future, and a lot of information about the vast universe of financial products. Which is why professional financial planners—investment advisors, accountants, tax experts, and attorneys—can and should step in and help.

Planning also requires introspection and candor: Are you spending too much? Are you saving enough? Are you contributing every month to a retirement plan? Do you have clear goals for retirement? Will you have enough funds when you stop working? Are you prepared financially for both predictable and unpredictable events—like your kids' college education on the one hand and COVID-19 on the other? Will your family be secure after you die? It may not be easy to look at your finances under a microscope.

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INFORMATION VERSUS FEAR

We don't mean to frighten you with grim statistics. Quite the opposite: **Our purpose is to help assure your future security.**

Maybe that's why so many people put off financial planning or never do it at all. According to polls, only 30% of Americans have a long-term financial plan, and fewer than one-third of our families even keep a household budget.[1] It's easy to wait until "tomorrow" to grapple with finances.

Meanwhile, consider these recent statistics:[2]

- 58% of Americans had less than $1,000 saved.
- One-third of Americans had saved nothing for retirement.
- 44% couldn't cover a $400 emergency.
- Only 30% of Baby Boomers believed that they'd need as much as $55,000 annually in retirement.

It's no wonder that so many Americans either are or fear they'll be in financial distress (though at least one Gallup survey suggests that the fear recedes for many once they're actually in retirement[3]). We don't mean to frighten you with grim statistics. Quite the opposite: Our purpose is to help assure your future security. And ironically, the silver lining in the COVID-19 pandemic is that it has highlighted the importance of planning for the unplanned.

Keep That Emergency Fund Going

Planning begins with ensuring you'll have enough liquid funds (i.e., cash or money-market securities) to get you through a sudden rainy day—like the COVID plague. We used to say you should store up enough to cover three to six months of living expenses if you're young and possibly short on funds, and several years if you're retired and hence dependent on your investments. We'd reinforce that message now and argue for possibly extending those time bands. For example, we'd like to see even young investors have 12 months saved up, if at all possible.

We realize that no reasonable allocation of cash can get you through every negative situation, such as an extended jobless period. But the more you have socked away, the better. Yes, the government has helped soften the current crisis with richer unemployment benefits; liberalized rules for withdrawing and taking loans from tax-deferred accounts (which should be a *last resort*, since you want those funds to grow as much as possible); new loans for small businesses; suspension of student-loan payments; outright cash infusions; and more. But those benefits either have already expired or probably will by year's end. There may be more government stimulus down the road--or maybe not. Your emergency fund should never expire.

1. https://spendmenot.com/blog/personal-finance-statistics/
2. See Footnote #1 and https://www.businessnewsdaily.com/12010-boomers-anxious-over-retirement.html
3. https://news.gallup.com/poll/233861/update-americans-concerns-retirement-persist.aspx

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DON'T FORGET ABOUT INSURANCE

After securing an emergency fund, contributing to a retirement plan, and possibly paying off high-interest debt, **buying life insurance comes next.**

Insurance for Assurance

Talking about security, planning for various types of insurance is usually a must, though insurance needs typically change over time. As a thumbnail summary:

• **Life insurance is almost always a requirement for Millennials and Gen Xers who are married and have children**. Given the vagaries of life, after securing an emergency fund, contributing to a retirement plan, and possibly paying off high-interest debt, buying life insurance comes next. The younger you are, the lower the premiums, which will rise over the years if you go with "straight" term insurance. Boomers may also wish to retain term insurance, but the premiums will be very high—if a policy is available at all after a certain age—and protection may be better provided via other assets. Permanent-life policies are hybrid insurance/investment products that accumulate cash value, which grows tax-deferred. Your premiums will likely stay level, but they're much higher than term premiums. And the rules for how and when to use the cash value are complex. Especially if you're considering permanent life, see a financial expert and an insurance agent.

• **Health insurance may be the most important of all.** If you're working and your employer offers a policy, that's usually the best deal for you. *Don't skimp* on health insurance, though if you're young, a high-deductible policy may be appropriate (it's cheaper, and it may be all you need). If you do go with a high-deductible and your employer offers a Health Savings Account (HSA), take it! The annual-contribution max is low, but you can keep the money in as long as you wish. Your account will grow tax-*free* (better than tax-deferred), and you can withdraw tax-free to cover any qualified medical expenses. Flexible Spending Accounts (FSAs) also offer tax-free growth and withdrawals, but you must spend down the full account value by year-ends (sometimes early in the following year, depending on the employer), or forfeit the balance.

But the health-insurance nut becomes harder to crack later in life. There are many variants of Medicare. And since Medicare covers only 80% of allowable medical expenses, most older Americans will want to supplement with a private Medigap policy—or choose a "Medicare Advantage" plan, which effectively combines the two. A big planning mistake of many Gen Xers is underestimating future health-care expenses. A study by Fidelity Investments reported that a 65-year-old couple retiring in 2020 will, on average, spend $295,000 going forward in *out-of-pocket* medical expenses, including Medicare premiums, deductibles, and co-payments, but *not* including nursing-home or long-term-care costs.[4] You probably won't be able to insure against this full amount, so plan to have enough of a nest egg. And don't forget long-term-care insurance. The median annual cost of a private room in a nursing home last year was $102,200.[5] A policy won't cover everything forever, but it's a start. The best time to buy is generally in your late working years—young enough to avoid prohibitive premiums, but old enough to not waste money that you can likely put to better use.

4. "How to Tame Health Care Costs When You Retire," Fidelity Institutional℠, September 2020, p. 4.

5. https://www.elderlawanswers.com/home-care-costs-rise-sharply-in-annual-long-term-care-cost-survey-17435

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DON'T BURY YOUR HEAD IN THE SAND.

Everyone, regardless of how much money they have or don't have, should draft a properly executed will, even if most of their assets are in investments like IRAs, 401(k)s, bank accounts, and other vehicles where beneficiaries are named.

• **And the rest: Property insurance, auto insurance, insurance for a business if you own one, etc.** There can be no general rules here—except that you need the protection if you own the assets.

Make Sure Your Wishes Are Honored

There's another type of insurance, of sorts, that you should plan to have: insurance that your assets go to whom you wish and that you are taken care of in the way you wish if and when the need arises. It's too early for this kind of planning for most Millennials, but it's a must for later in life. Everyone by that point, regardless of how much money they have or don't have, should draft a properly executed will, even if most of their assets are in investments like IRAs, 401(k)s, bank accounts, and other vehicles where beneficiaries are named. The beneficiaries will trump any inconsistency with a will. Do a will anyway, and in some cases, one or more trusts to avoid the potentially lengthy probate process that wills must go through.

But those documents are just the baseline. As many of you know, everyone should also name a health-care proxy, often in a document called a durable Health Care Power of Attorney. Your proxy will make decisions for you if you no longer can. Further, you should spell out your wishes about desired medical care in an Advance Directive or a Living Will. (The terminology on all these documents varies from state to state; talk with an expert.) Finally, you should consider designating someone you trust to manage your financial matters if you become incapacitated via a durable Financial Power of Attorney. And don't forget to give information about where all your assets are located to everyone who needs to know.

None of this is pleasant to think about, but once those plans are in place, you'll sleep better at night.

Retirement Accounts: They're Your Future

Tax-advantaged retirement accounts aren't the *only* determinant of your financial future, but they may be the most important. We'd make several points about these accounts, including IRAs, assuming that you don't have a defined-benefit pension that assures you a set amount of income for life: They've largely died out, at least among private companies, replaced by defined-contribution plans like 401(k)s. These plans are funded and allocated mostly by the investors—and rarely offer options with guaranteed returns. That said:

• **Most important, start contributing as early as you can.** If you're not yet working, start an IRA if you have the funds. If you're in a lower tax bracket now than you expect to be when you start withdrawing funds from the account, consider a Roth IRA. With a Roth, you pay taxes at your ordinary-income rate on your *contributions*, but never again, provided that you don't withdraw IRA earnings prior to age 59½.[6] (There are income limits for investing in a Roth, but if you earn too much, you can set up a traditional IRA and then convert it to a Roth.) If you'd rather

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6. You can always withdraw your *contributions* tax-free. In addition, Roth IRA earnings must have been in the account for at least five years before they can be tapped free of tax and a penalty. There are exceptions to this rule, as well as to the rules for withdrawing from traditional IRAs.

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TIME MATTERS.

A little extra time goes a long way. Contributing early to your retirement accounts (or savings accounts) can make a big difference in your net worth down the road.

avoid an up-front tax and get a tax deduction on contributions, and you expect to be in a lower tax bracket when you withdraw, go with a traditional IRA and wait to pay taxes until you start taking the money out. Generally, investors in traditional IRAs must begin taking annual withdrawals of at least certain amounts mandated by the IRS no later than at age 72. (Those required withdrawals are suspended for 2020.)

If you're working, your employer has probably established a 401(k) or similar tax-deferred retirement plan, with much higher contribution limits than an IRA. In 2020, the maximum annual contribution to an IRA is $6,000, or $7,000 if you're age 50 or older; for a 401(k), the corresponding limits are $19,500 and $26,000, respectively. You can contribute to both, but you may lose the tax deduction on IRA contributions. With IRAs, unlike 401(k)s, you can make contributions that count for a taxable year until April 15 of the following year.

You've heard it before, but a little extra time goes a long way. For example, say you opened an account when you were 25 with $25,000 in a portfolio of stocks and bonds that compounded at 6% annually. If you *never* added to (or withdrew from) it, you'd have more than $257,000 before taxes at age 65. Had you waited until age 30 to start—still young—you'd wind up with $192,000. Neither of those amounts would probably be enough to fund a secure retirement, but $65,000 extra for only five more years of investing isn't bad. Such is the power of compounding.

• **Contribute as much as you can.** You may not be able to make the maximum amounts cited above, especially in your early years of investing. Don't worry—do as much as you can. But if your employer matches contributions up to a certain limit, try to at least get that far. The employer matches are usually modest, but they're a rare bird: free money! By the time you're in your peak earning years, usually in the Generation X age band, you'll hopefully be able to contribute fully.

• **Work with a professional in deciding how to allocate retirement portfolios.** The most important factor driving long-term investment results is the asset mix in your portfolio, not its individual securities. But investors with both tax-advantaged retirement accounts and taxable accounts need to go a step further and figure out how to allocate assets between them. Some decisions are easy. For example, municipal bonds would always go into taxable accounts if their income is tax-free. Other decisions are more nuanced: what to do with stocks and taxable bonds, for instance. Consensus thinking favors sheltering bonds, since interest income is currently taxed at a higher rate than dividend income. But high-growth stocks may not offer any dividends, and perhaps are better fitted for sheltering. Further, with a new Administration coming into Washington, and potentially a turnover in the Senate to Democratic control, the tax laws may change.

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DON'T LET VOLATILITY CHASE YOU AWAY.

Markets recover. It is important to focus on long-term growth and objectives. Our advice for investors is, don't abandon your planning now.

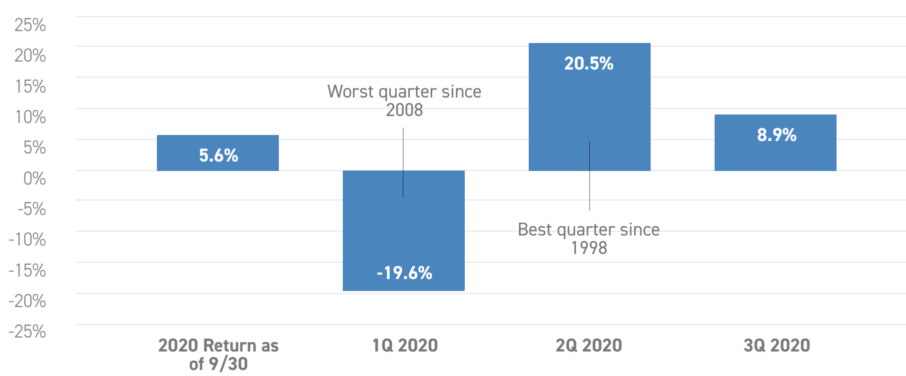
Planning in an Extra-Volatile Market

Stocks this year have taken investors on a roller coaster ride even bumpier than usual, in response to both COVID and the upcoming elections. (Investors don't like uncertainty, and they take it out on stocks.) After a 30% plunge in the first quarter, the market came back with an equally strong rally in the next three months, followed by a robust third-quarter return, though marred by a losing September. As of the end of the third quarter, the S&P 500 had posted a moderate gain for the 2020 year (Exhibit 1), and had added to it as of this writing in early November. We expect continued volatility in the near-term.

EXHIBIT 1:

STOCKS HAVE BOTH PLUNGED AND SOARED THIS YEAR– WITH LITTLE IMPORT FOR LONG-TERM PLANNING

S&P 500: TOTAL RETURNS IN 2020



Source: S&P 500

In your planning for next year, how should you think about these wildly disparate quarterly stock returns? On the one hand, they shouldn't be ignored. They suggest more caution than usual in the short-term with more thought to the backstops in your portfolio against stock volatility, such as bonds. On the other hand, even though stock volatility has been extreme of late, it probably means little for long-term results, especially if you're in your early or middle years of investing, or even in the early years of retirement.

In sum, in both your taxable and retirement accounts, *don't abandon your planning because of COVID and the elections*. We can't know yet what the elections will mean for investing and financial planning, but the effects may not be dramatic. As for COVID, although we're mindful that the virus has been a huge tragedy and our hearts go out to its victims, we believe that the chances are high that a COVID

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WIDEN YOUR GROWTH PLAN.

Opportunities to participate in growth **reach well beyond the traditional large-cap U.S. stock market.**

vaccine will be widely available by the middle of 2021. It's always tempting to retreat to the sidelines when the stock market is fluctuating more than usual. But market-timing is guesswork, not a plan, and it almost always fails. If your asset allocation is still matched to your goals, it probably needs no adjustments—except perhaps some sector and industry tweaks in response to the election results.

Lately, there's been some buzz about Growth stocks running out of investor fuel, especially the tech winners of late—Amazon up 70% this year through September, for example; Netflix up 55%; Zoom almost 600%(!). And we do think that some Growth-stock valuations are stretched. Indeed, some recent signs may suggest the beginning of a turn in the style cycle toward Value. But Growth may well keep winning for a long time, and so we're neutral on style. But from a planning perspective, investors are well advised to watch stock valuations in the months ahead.

One more note about allocation planning: Global diversification still makes sense. After a period of underperforming the S&P 500 stocks abroad are relatively cheap and possibly poised for another good run. Ditto for small-cap stocks. In all allocation issues, it's always smart to work with a financial advisor.

What About Income?

What about income indeed, especially for Boomers in or close to retirement? The answer used to be to rely on bonds, which provided not only portfolio ballast against stock volatility but a reliable income stream. Bonds still offer protection from stock declines, albeit possibly less than in the past. But there's no question that bond income has virtually dried up, especially from government bonds. Ten-year Treasury yields were still below 1% as of this writing and they're likely to remain depressed, since the Federal Reserve is committed to maintaining super-low rates for at least the next several years. This is not surprising: We're still in a recession, and some signs are pointing to a slower recovery than looked probable earlier in the year.

How should investors handle this situation? We'd suggest several planning strategies. First, if all your bonds are Treasuries, or you're in a Treasury fund, consider trading in some of those bonds for high-quality corporate issues. And don't forget dividend-paying stocks—from *quality* companies.

If your risk tolerance is higher, you may want to consider select high-yield bonds with ratings near the top of the range for the asset class. Also, there may be a place in your income plan for "alternative investments" like commodities—not because they throw off regular distributions but because they may grow enough to feed into your income stream. But especially if you want to venture beyond Treasury bonds, work with an investment professional.

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STAY THE COURSE.

We never advise making large sector or industry bets based on politics: the permutations of winning and losing investments are impenetrable.

Elections Have Consequences

As we all know, elections bring with them changes that usually affect financial planning. Those changes can be significant, especially if the White House and Congress are held by the same Party. Or the changes may be minor. We can't assess yet the level of change that may be coming for investors—in large part because we may not know until early next year whether the Senate will remain in the hands of Republicans or flip Democratic. If the latter, we'd expect to see higher taxes and more government spending and stimulus than if the Republicans continue to hold the Senate and block dramatic change. At this point, control of the Senate is poised on a knife-edge, though the odds favor the Republicans.

The odds also favor the stock market going up over the next 12 months, because that's what's happened most of the time after Presidential elections, for two reasons: The market usually goes up and the resolution that elections provide means less of something investors hate: uncertainty. It can be noted that historically, when there is a change of party in the White House volatility does increase, though the market has still trended upward.

While market returns have been virtually the same under Democratic or Republican Administrations, results have been better historically when government was divided rather than unified: Political "gridlock" assures that the government's reach into business will be more limited. This time there's some evidence that the market may prefer a Democratic sweep because of the larger stimulus package it's likely to bring. But we emphasize "may," because the checks and balances of a divided government may prove more appealing to investors.

As for industries and sectors that may be in or out of favor, it's too early to say as of this writing. For example, Biden's win may well be good news for alternative energy and challenging for traditional oil & gas companies, though that depends in part on the legislation that he can get through Congress. More important, we never advise making large sector or industry bets based on politics: The permutations of winning and losing investments are impenetrable.

Will Taxes Be Headed Higher?

We do think that higher taxes are a good possibility whether Congress remains divided or flips all-Democratic. The cost of the economic stimulus already enacted and the additional stimulus likely to come will probably require more revenue for the government. And so tax planning has special importance this year-end (see *"Taxes on the Way Up? Plan for It,"* page 11).

Biden is talking about raising corporate rates as well as income-tax and capital-gains rates for wealthier Americans, lowering the estate-tax exemption by about 50%, eliminating the step-up in cost basis on most estates (except perhaps for spouses), reducing the tax advantages of dividend income, and other changes—along with increasing tax benefits for lower-income Americans. There's no telling yet how many of these proposals will be enacted, or what the new numbers will look like.

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YEAR-END IS THE PERFECT TIME TO CHECK IN.

Think about sitting down with your family and your financial advisor before year-end and figuring out a spending plan that works for you. **Be realistic!**

Revisit Your Spending Budget

It's always a good idea to check how much you're spending, and the case for reassessing budgets is especially strong as this year turns into next. Why? Because the economy is wobbly, growth in the job market appears to be decelerating, taxes are likely to go up, and we expect both stocks and bonds to perform under their historical averages in at least the near-term.

Think about sitting down with your family and your financial advisor before year-end and figuring out a spending plan that works for you. Also, cutting, or at least re-examining, spending is a good idea in these difficult times for all generations—particularly Boomers dependent on their investment portfolios and Social Security. For example, the traditional 4% spending rule in retirement—take out 4% of your portfolio in the first year you need to withdraw and increase that amount annually by your projection of the inflation rate—may be too rich these days. Some planners are recommending ratcheting down to 3%, if possible.

It's also a tough time to make decisions about getting rid of debt. Liberating yourself, especially from high-interest credit-card debt, is good (though eliminating all debt may lower your credit score). Right now, though, you may need those funds for spending or saving.

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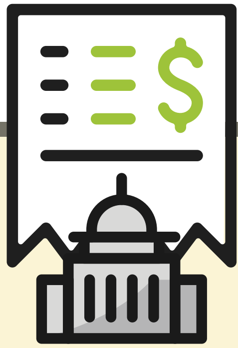

Taxes on the Way Up? *Plan* for It.

Taxes may be one of life's only two certainties (you know what the other one is), but that doesn't mean that you can't reduce their bite. With higher taxes possibly on the way next year, perhaps retroactive to January 1, we suggest considering several tax strategies:

☐ ACCELERATING INCOME	**Advancing income to 2020 to the extent possible to take advantage of this year's potentially lower income-tax and capital-gains rates.**
☐ TAX-GAIN HARVESTING & TAX-LOSS HARVESTING	**Taking advantage of both tax-gain and tax-loss harvesting where they make sense in your portfolio.** If you have lots of gains in your portfolio, you may want to realize them now, since gains taxes may be higher next year. There may be benefit in selectively harvesting some losses as well, even if gains taxes are headed upward. Work with an advisor in determining where it's prudent investment (not just tax) strategy to harvest gains or losses.
☐ TAX-DEFERRED ACCOUNTS	**Sheltering as much as you can in tax-deferred accounts to promote growth.**
☐ CHARITABLE CONTRIBUTIONS	**Giving to charity this year if you're philanthropically minded and have the funds.** The COVID-recovery stimulus law allows filers who take the standard deduction to take $300 off their Gross Incomes in 2020—and possibly beyond—for cash gifts to public charities. For 2020 only, taxpayers who itemize can deduct charitable cash gifts up to 100% of their Adjusted Gross Income, instead of the usual 60%.
☐ TRANSFER-TAX EXEMPTIONS & EXCLUSIONS	**Using some of your transfer-tax exemptions and exclusions this year, if you're willing and able to give to family or other beneficiaries.** The current federal tax exclusion for annual gifts is $15,000 per person per beneficiary, with no limit on the number of beneficiaries. The lifetime unified gift- and estate-tax exemption is a very high $11.58 million per person ($23.16 million for married couples). But it may soon revert to a much lower level, and certainly by 2026 unless Congress intervenes. This is a time to give!
☐ TAX-ADVANTAGED TRUSTS	**Working with your financial and tax advisors in examining tax-advantaged trusts.** There are many, some designed to pay out soon, others much later, to beneficiaries of your choosing—in some cases including yourself.
☐ STATE-LEVIED TAXES	**Being mindful of state taxes.** Many states levy them on income, capital gains, and asset transfers, often with schedules much different from federal taxes, and more unfavorable to taxpayers.

* If you still wish to own securities that you've sold, you can buy them back, sometimes at prices that will cost you less in taxes when you eventually sell again. However, when you harvest losses (but *not* gains), you must wait at least 31 days to buy back a security that you've sold at a loss or buy one that's "substantially identical."

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Do These Issues Apply to You? Year-End 2020 Planning Checklists for...

Millennials

- [ ] Establish a cash emergency fund
- [ ] Review your insurance needs
- [ ] Set up college-education funds for young children
- [ ] Set up a plan for paying off any student loans
- [ ] Begin contributing to an IRA and/or an employer-sponsored retirement plan
- [ ] Begin saving for a down payment on a home if you wish to buy
- [ ] Assess your spending budget
- [ ] Assess whether you're saving enough
- [ ] Talk with a financial advisor about your asset allocation
- [ ] Talk with a tax advisor about your 2020 return

Generation Xers

- [ ] Replenish any cash you withdrew from your emergency fund
- [ ] Re-evaluate your overall asset allocation as well as the allocation in each of your accounts
- [ ] Check that you're saving as much as you can
- [ ] Develop a plan for retirement finances in conjunction with a professional advisor
- [ ] Determine that you and your spouse have adequate health insurance for the rest of your lives
- [ ] Continue to contribute to college-education funds for children
- [ ] Contribute the maximum annual amounts to your retirement accounts
- [ ] Consider refinancing your mortgage(s) and high-rate debt
- [ ] Take advantage of increased charitable deductions for 2020
- [ ] Use your 2020 gift- and estate-tax exemptions and exclusions to the extent you can
- [ ] Think about trusts for the benefit of family and/or charities, such as charitable lead trusts, charitable remainder trusts, grantor retained annuity trusts, and intentionally defective grantor trusts*
- [ ] Take advantage of more-liberal rules for 2020 withdrawals and loans from retirement accounts, *if drawing down from these accounts is necessary*
- [ ] Accelerate income into 2020 in preparation for potentially higher tax rates
- [ ] Think about converting a traditional IRA into a Roth IRA this year
- [ ] Discuss other year-end tax strategies with your tax professional

*The investment and tax regulations that apply to some trusts may change in 2021; consult your tax advisor.

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Do These Issues Apply to You?:
Year-End 2020 Planning Checklists for...

Baby Boomers

- [ ] Replenish any cash you withdrew from your emergency fund
- [ ] Sit down with your financial advisor to help assure that your assets are sufficient for your lifetime
- [ ] Check that you are still spending at a sustainable annual rate, particularly if you're retired
- [ ] Take maximum advantage of Social Security: when to start drawing benefits, what you need to know about spousal benefits, etc.
- [ ] Re-evaluate your overall asset allocation as well as the allocation in each of your accounts, with an eye toward assuring you have enough stocks for growth, not just bonds for income
- [ ] Prepare yourself for either beginning or resuming Required Minimum Distributions from your tax-deferred accounts in 2021, if applicable
- [ ] Check that your estate planning documents are prepared
- [ ] Set up college-education funds for grandchildren
- [ ] Review your charitable- and family-gifting plans
- [ ] Use your 2020 gift- and estate-tax exemptions and exclusions to the extent you can
- [ ] Review any trusts that you already have set up and consider establishing any new trusts as necessary
- [ ] Take advantage of expanded charitable-giving provisions for 2020 as well as more-liberal rules for withdrawals and loans from retirement accounts, *if drawing down from these accounts is necessary*
- [ ] Prepare for the possibility of higher taxes by advancing income to 2020, reviewing your portfolio for potential tax-gain harvesting, and taking other actions, after meeting with your tax advisor
- [ ] Discuss your financial plans with your family, to the extent you feel comfortable doing so

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Take an Active Step.

If there were ever a year not to be passive about planning, including re-evaluating your investment portfolio and your full financial profile, this is the year! There's still time to sit down with us at People's United Advisors, and we encourage you to do so. We have the planning experts who can help you achieve your short-term and long-term financial goals.