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Hello everyone,

We hope everyone affected by the West Coast fires is safe and is finding the help they need. More than ever, these recent events make us grateful to family and friends who are part of our lives and thankful to be part of yours.

With all of the changes that have taken place this year, it is a good time to go over your current plan. Please know we are always here to answer any questions.

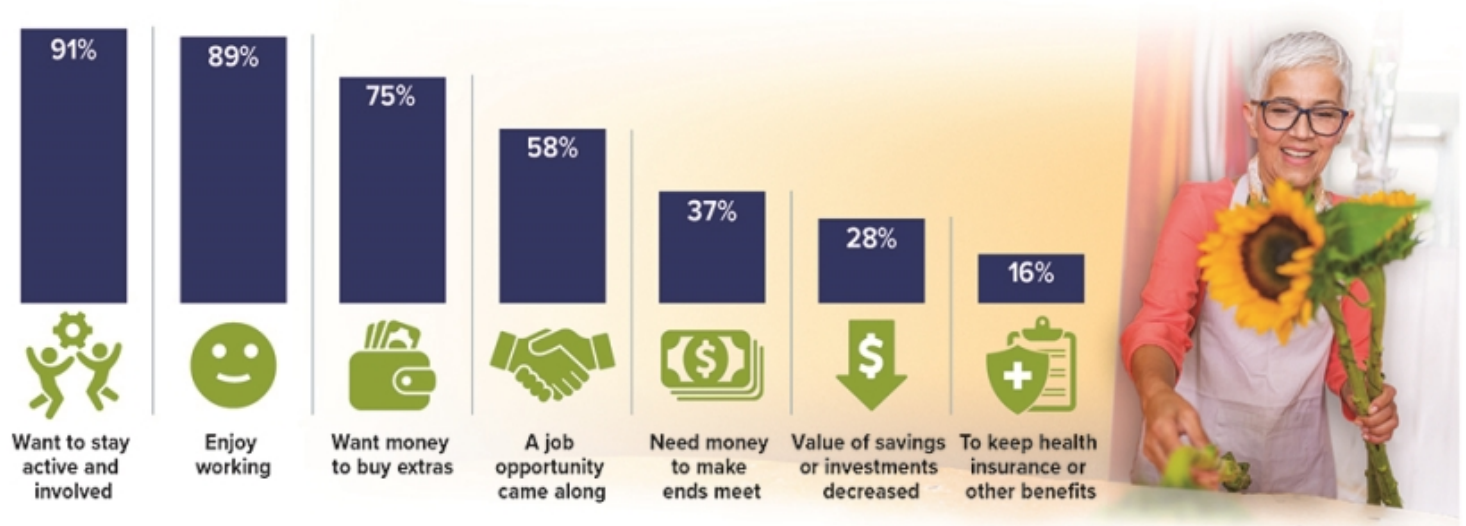
Dan, Matt, and Karisa

Do what you can, with what you have, where you are. - Theodore Roosevelt

Working in Retirement

In 2020, 74% of workers said they expected to work for pay after retiring from their regular jobs, but only 27% of retirees said they had actually done so. This large gap between expectation and reality has been fairly consistent in surveys over the past 20 years, and there is no reason to expect it will change. So it may be unwise to place too much emphasis on income from work in your retirement strategy.

Most retirees who worked for pay reported positive reasons for doing so; however, there were negative reasons as well.



Source: Employee Benefit Research Institute, 2020 (2019 data used for chart, multiple responses allowed)

Four Things to Consider Before Refinancing Your Home

Mortgage refinancing applications surged in the second week of March 2020, jumping by 79% — the largest weekly increase since November 2008. As a result, the Mortgage Bankers Association nearly doubled its 2020 refinance originations forecast to \$1.2 trillion, the strongest refinance volume since 2012.¹

Low mortgage interest rates have prompted many homeowners to think about refinancing, but there's a lot to consider before filling out a loan application.

1. What is your goal?

Determine why you want to refinance. Is it primarily to reduce your monthly payments? Do you want to shorten your loan term to save interest and possibly pay off your mortgage earlier? Are you interested in refinancing from one type of mortgage to another (e.g., from an adjustable-rate mortgage to a fixed-rate mortgage)? Answering these questions will help you determine whether refinancing makes sense and which type of loan might best suit your needs.

2. When should you refinance?

A general guideline is not to refinance unless interest rates are at least 2% lower than the rate on your current mortgage. However, even a 1% to 1.5% differential may be worthwhile to some homeowners.

To determine this, you should factor in the length of time you plan to stay in your current home, the costs associated with a new loan, and the amount of equity you have in your home. Calculate your break-even point (when you'll begin to save money after paying fees for closing costs). Ideally, you should be able to recover your refinancing costs within one year or less.

While refinancing a 30-year mortgage may reduce your monthly payments, it will start a new 30-year period and may increase the total amount you must pay off (factoring in what you have paid on your current loan). On the other hand, refinancing from a 30-year to 15-year loan may increase monthly payments but can greatly reduce the amount you pay over the life of the loan.

3. What are the costs?

Refinancing can often save you money over the life of your mortgage loan, but this savings can come at a price. Generally, you'll need to pay up-front fees. Typical costs include the application fee, appraisal fee, credit report fee, attorney/legal fees, loan origination fee, survey costs, taxes, title search, and title insurance. Some loans may have a prepayment penalty if you pay off your loan early.

4. What are the steps in the process?

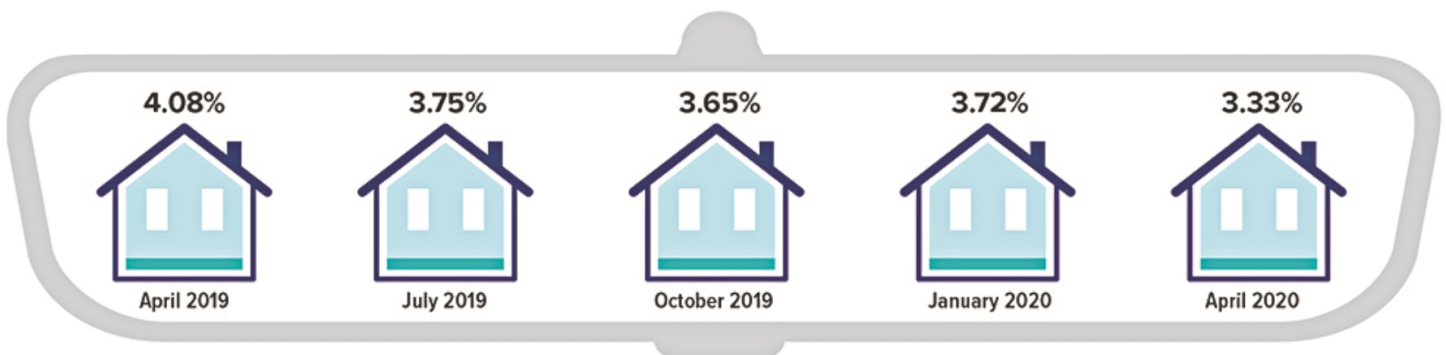
Start by checking your credit score and history. Just as you needed to get approval for your original home loan, you'll need to qualify for a refinance. A higher credit score may lead to a better refinance rate.

Next, shop around. Compare interest rates, loan terms, and refinancing costs offered by multiple lenders to make sure you're getting the best deal. Once you've chosen a lender, you will submit financial documents (such as tax returns, bank statements, and proof of homeowners insurance) and fill out an application. You may also be asked for additional documentation or a home appraisal.

1) Mortgage Bankers Association, March 11, 2020

Rear-View Look at Mortgage Rates

In a single year, the average rate for a 30-year mortgage fell by 0.75%. Low mortgage interest rates often prompt homeowners to refinance.



Source: Freddie Mac, 2020 (data as of first week of April 2020)

Five Investment Tasks to Tackle by Year-End

Market turbulence in 2020 may have wreaked havoc on your investment goals for the year. It probably also highlighted the importance of periodically reviewing your investment portfolio to determine whether adjustments are needed to keep it on track. Now is a good time to take on these five year-end investment tasks.

1. Evaluate Your Investment Portfolio

To identify potential changes to your investment strategy, consider the following questions when reviewing your portfolio:

- How did your investments perform during the year? Did they outperform, match, or underperform your expectations?
- What factor(s) caused your portfolio to perform the way it did?
- Were there any consistencies or anomalies compared to past performance?
- Does money need to be redirected in order to pursue your short-term and long-term goals?
- Is your portfolio adequately diversified, and does your existing asset allocation still make sense?

2. Take Stock of Your Emergency Fund

When you are confronted with an unexpected expense or loss of income, your emergency fund can serve as a financial safety net and help prevent you from withdrawing from your investment accounts or being forced to pause your contributions.

If you haven't established a cash reserve, or if the one you have is inadequate, consider how you might build up your cash reserves. A good way to fund your account is to earmark a percentage of your paycheck each pay period. You could also save more by reducing your discretionary spending or directing investment earnings to your emergency account.

3. Consider Rebalancing

A year-end review of your overall portfolio can help you determine whether your asset allocation is balanced and in line with your time horizon and goals. If one type of investment performed well during the year, it could represent a greater percentage of your portfolio than you initially wanted. As a result, you might consider selling some of it and using that money to buy other types of investments to rebalance your portfolio. The process of rebalancing typically involves buying and selling securities to restore your portfolio to your targeted asset allocation based on your risk tolerance, investment objectives, and time frame. For example, you might sell some securities in an overweighted asset class and use the proceeds to purchase assets in an underweighted asset class; of course, this could result in a tax liability.

Year-End Investment Checklist



Remember that asset allocation and diversification do not guarantee a profit or protect against loss; they are methods to help manage investment risk. All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful.

4. Use Losses to Help Offset Gains

If you have taxable investments that have lost money and that you want to sell for strategic reasons, consider selling shares before the end of the year to recognize a tax loss on your return. Tax losses, in turn, could be used to offset any tax gains. If you have a net loss after offsetting any tax gains, you can deduct up to \$3,000 of losses (\$1,500 if married filing separately). If your loss exceeds the \$3,000/\$1,500 limit, it can be carried over to later tax years.

When attempting to realize a tax loss, remember the wash-sale rule, which applies when you sell a security at a loss and repurchase the same security within 30 days of the sale. When this happens, the loss is disallowed for tax purposes.

5. Set Goals for the New Year

After your year-end investment review, you might resolve to increase contributions to an IRA, an employer-sponsored retirement plan, or a college fund in 2021. With a fresh perspective on where you stand, you may be able to make choices next year that could potentially benefit your investment portfolio over the long term.

Three Questions to Consider During Open Enrollment

Open enrollment is your annual opportunity to review your employer-provided benefit options and make elections for the upcoming plan year. You can get the most out of what your employer offers and possibly save some money by taking the time to read through your open enrollment information before making any benefit decisions. Every employer has its own open enrollment period (typically in the fall) and the information is usually available online through your employer.

What are your health plan options? Even if you're satisfied with your current health plan, it's a good idea to compare your existing coverage to other plans being offered next year. Premiums, out-of-pocket costs, and benefits often change from one year to the next and vary among plans. You may decide to keep the plan you already have, but it doesn't hurt to consider your options.

Should you contribute to a flexible spending account? You can help offset your health-care costs by contributing pre-tax dollars to a health flexible spending account (FSA), or reduce your child-care expenses by contributing to a dependent-care FSA. The money you contribute is not subject to federal income and Social Security taxes (nor generally to state and local income taxes), and you can use these tax-free dollars to pay for health-care costs not covered by insurance or for dependent-care expenses. Typically, FSAs are subject to the use-it-or-lose-it rule,

which requires you to spend everything in your FSA account within a calendar year or risk losing the money. Some employers allow certain amounts to be carried over to the following plan year or offer a grace period that allows you to spend the money during the first few months of the following plan year.

Tip: As a result of unanticipated changes in the need for medical and dependent care due to the coronavirus pandemic, the IRS announced it will allow employers to amend their employer-sponsored health coverage, health FSAs, and dependent-care assistance programs and allow employees to make certain mid-year changes for 2020. The carryover limit for unused 2020 FSA dollars is now \$550 instead of \$500. For more information, visit [irs.gov](https://www.irs.gov).

What other benefits and incentives are available? Many employers offer other voluntary benefits such as dental care, vision coverage, disability insurance, life insurance, and long-term care insurance. Even if your employer doesn't contribute toward the premium cost, you may be able to pay premiums conveniently via payroll deduction. To help avoid missing out on savings opportunities, find out whether your employer offers other discounts or incentives. Common options are discounts on health-related products and services such as gym equipment and eyeglasses, or wellness incentives such as a monetary reward for completing a health assessment.

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