

Good To Know!

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2nd Qtr 2020 Newsletter

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In THE KANSAS CITY STAR.



Two people recently asked about the smartest way to increase savings for retirement.

Read [here](#) for the answers for each caller, based on their workplaces.

Some clients are opting to meet in the office. We've made some changes outlined [here](#).

Others still choose to Zoom, and we're becoming pros! Let's do what's easiest for you.



Let's Do The Numbers

In a nutshell U.S. and international stocks staged dramatic rebounds in the 2nd quarter, cutting losses in half or better. Interest rates are staying low.

In the 2nd quarter we had roughly 2 months of stay-at-home orders which repressed large swathes of the economy, followed by an initial month of phased-in reopenings where most affected businesses were allowed some measure of operations. U.S. GDP dropped -5% in the 1st quarter and may drop -32% in the 2nd -- ugly as expected. Projections for 3rd quarter are hopeful, around +15%. Watch the video for more context.

The health care sector has made excellent progress on therapeutics and developing vaccines. Congress has injected \$2 trillion of stimulus. The Federal Reserve Bank has loaned approximately \$3 trillion to our economy.

We've seen short-term economic indicators bounce back: retail sales, new car sales, mortgage applications, and more.

But we've seen Covid19 hotspots erupt, forcing many states to walk back those re-opening steps, dampening economic activity again.

What do Neiman Marcus, Brooks Brothers, Dean and DeLuca, J.C. Penney and Hertz have in common? They're declaring bankruptcy – either to close doors or to restructure debt.

Investors have stopped panicking and are evaluating companies again. Many say there's a disconnect between the market and main street. Perhaps. Liz Ann Sonders, Schwab's Chief Investment Strategist, predicts we'll have rolling ups and downs akin to a "W" as good news and bad ripples over the economy.

This market has already shown the value of diversified portfolios. Smart investors have harvested tax losses, evaluated how they use small-caps, relied on dollar-cost averaging, and kept their focus—on the long-term.

Asset	YTD
Large companies	- 3%
Small companies	-13%
Bonds	+ 6%
International stocks	-11%

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Give Your Clients Tools for a Smart Refinance

Read my advice to area CPAs [here](#) on how they can critically evaluate if refinancing saves their clients money.

Do You Really Know What You Pay In Capital Gains Taxes?

We've had 2 cases where clients—one filing married joint, one filing single—weren't aware of what taxes they were paying on capital gains. It's complicated.

Your tax return doesn't clearly show you but it's important to know before selling.

If you're single, you pay 0% on long-term capital gains as long as your taxable income stays below \$40,000. If you file married joint, it's \$80,000. Taxable income is shown at the bottom of page 1 on your 1040 form (2019).

Can your capital gains themselves throw you over those limits? Yes— but it's complicated.

Resource Tip:

Q: Want an insightful economic brief to stay up on grass-roots business?

A: The Missouri Society of CPAs provides us members with the daily [Business Intelligence Brief](#), authored by Chris Kiehl at Armada Corporate Intelligence.

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WeaverFinancialPlanning.com.