

# Good To Know!

## Weaver Financial

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4th Qtr 2020 Newsletter

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### In THE KANSAS CITY STAR.

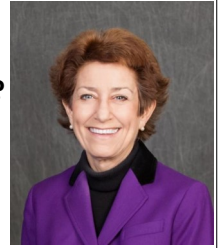
#### PINK SLIP

MyFirmName  
Super  
Street

Know someone who's been furloughed out of a job? Read my article [here](#) if they're tempted to retire now without checking if they have the means.

### Where should you open your 529 college savings accounts to avoid fees?

Email me for a copy of Morningstar's 30-page yearly analysis. I've notated it for a quicker read.



### Let's Do The Numbers

In a nutshell, in the 4<sup>th</sup> quarter U.S. stocks converged onto a spectacular year. U.S. large companies were up 18%, small companies up 20%, overseas stocks up 11%, bonds up 8%. These returns are far higher than average. Click the red video button for better information.

The ragged re-openings continued but succumbed to partial lockdowns as covid cases rose. Earnings are expected to drop 12% from the prior year's 4<sup>th</sup> quarter. Most experts predict rising corporate earnings in the 2<sup>nd</sup> half of 2021, and the markets are fully valued now, anticipating that.

It may be difficult to understand the gap between Wall Street and Main Street given recent political unrest. January 6th has little effect on corporate earnings. But market prices were adjusted upward when it became likely that more stimulus may be passed.

The Kansas City Federal Reserve is led by Esther George who gives a speech annually to one of my organizations. She reiterated this week that the Fed plans to hold interest rates low until 2023. Inflation remains low, below 2%.

Is the market in a bubble, or is 2021 going to be a comeback year for corporate earnings with a solid market return? Most pros are espousing the latter but there are a few warning of a coming correction. Schwab's Liz Ann Sonders advises to remain diversified, and watch rebalancing.

A year from now, the global mortal threat of covid will be gone. A year from now, our U.S. economy is far likely to be in better shape. We cannot predict short-term market moves, but long-term trends are more easily seen. Invest long-term.

Asset	2020
Large companies	+18%
Small companies	+20%
Bonds	+8%
International stocks	+11%

### Do you have children or grandchildren earning wages from a job? Here's a nice gift.

You can contribute up to \$6,000 (or their wages if less) to a Roth IRA account in the child's name. There's no tax deduction, but that money never gets taxed again in most cases.

The child can withdraw \$\$ after they're 59 1/2, without paying any taxes. They can withdraw earlier—for college costs, and to buy their first home - again without any penalties, and without taxes if the account is over 5 years old.

### Are Higher Taxes Ahead for You? Take A Closer Look.

Here are the key points in Biden's tax proposals:

- The top rate jumps to 39.6%.

Are you in the 37% bracket now?

- Capital gains jump to 39.6%, if your income is over \$1 million.

•The \$10,000 limit on state and property taxes is removed.

•If your income exceeds \$400,000, your itemized deductions and any qualified business deduction (QBID) are cut back.

•Pension contributions yield a credit, but do not reduce wages.

•The estate and gift exemption drops from \$11.2M, down to \$3.5M - \$6M.

But it all has to get passed first.

#### Resource Tip:

**Q:** Want to stay current on business, markets and more?

**A:** The *Wall Street Journal* drops several podcasts. *Your Money Briefing*, *Tech News Briefing*, and *The Future of Everything* will keep you informed. Subscribe via your podcast player, or on the web [here](#).

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In-office or Zoom? Your call. See our in-office protocols [here](#).