



2020 Midyear Outlook

July 2020

Dear Valued Clients and Friends,

With acknowledgement to Webster's Dictionary, the noun "**Patience**" is described as the capacity to put up with pain, troubles, difficulties and hardship without complaint or ill temper. The ability to wait or persevere without losing heart or becoming bored."

Merely six months ago, we were celebrating the close of the decade. We open the new decade with six weeks of very positive total returns across almost all investment assets classes, only to be blindsided by not only an oil supply war which drove energy prices and the share values of energy supply and distribution companies plummeting but a worldwide pandemic. The stock and bond market response was immediate and painful to our portfolio values.

Our 2020 Outlook prepared in January referenced several technological innovations to watch in the future—but little did we know that family, corporate and customer virtual remote meetings, 3D printing of personal protection equipment (PPE), the efficiencies of robotics in supply chain management (i.e. grocery and meal delivery) and the relief of streaming online entertainment would so quickly penetrate our daily lives.

Unfortunately, the economic and virus uncertainties may be with us well into 2021 and beyond. We urge **patience** with each other as we struggle with "physical distancing" protocol, **patience** as we enthusiastically hope for a vaccine breakthrough and of course, **patience** as we fight through the ebb and flow of the economic and market challenges as news updates are immediately distributed in this age of virtual information.

Our colleagues at Wells Fargo Investment Institute (WFII) have produced an economic and market outlook for the remainder of 2020 and continuing through 2021 yearend. We have attached a briefing of "Recession, Recovery and Resilience" for your review with a more comprehensive report available on our website www.abelesflurie.com or we would be glad to forward by mail or email upon request.

The Abeles Flurie Wealth Management Group of Wells Fargo Advisors is available to address your investment planning questions and concerns. Our **thirteen associates** are here to help and we urge you to feel free to take advantage of our team depth and experience as well as the investment advisory resources and research of Wells Fargo Advisors. Until further notice, our team is working remotely but remain conveniently available by phone and we have the technology to arrange a virtual review meeting as well.

Investment and Insurance Products:		
NOT FDIC Insured	NO Bank Guarantee	MAY Lose Value

Our client relationships utilize the *Envision*[®] planning process as an ongoing financial, retirement planning and investment diversification measurement tool. Envision is particularly important in reinforcing the tracking of your long term retirement and other financial success goals accompanied by a monitoring process, and our recommended adjustments to savings patterns. Please feel free to schedule a review of your plan and investment account holdings.

This climate also makes it easy to overlook some fundamental savings and planning strategies.

Do not forget to review your deductible (and/or Roth) 401(k)/403(b) retirement savings plan contributions. The elimination of personal exemptions and increase in the standard deduction amount enhances the importance of your 401(k)/403(b) as your primary retirement savings tool. If you can afford it, try to increase your savings by at least a percentage point or two. Please ensure you are within your IRS limits, typically \$19,500 & \$26,000.

In addition to reviewing your overall portfolio diversification strategy, we urge that we use the current investment climate as an opportunity to constructively harvest portfolio investment losses. Asset classes and individual companies will perform (or recover) at different paces. Exercising a constructive capital loss and reemploying the proceeds of the sale into an investment with better near and long term prospects for success may make sense.

With the current investment climate and possibility of more subdued investment returns **AND** prospects of higher individual tax rates on the horizon, you may consider converting your tax deferred retirement savings (401(k), 403(b) and IRA) into a Roth structure. Many business retirement plans permit this strategy and any regular IRA may be converted to a Roth IRA. Please be careful here as conversion has immediate, current year tax consequences with the long term benefit of tax deferred investment returns and tax free withdrawals. Please call us with questions and always consult with your tax advisor as we do not offer tax advice.

And finally, an important topic contributed by our Abeles Flurie Wealth Management Group colleague, Kelly Reid. We receive regular inquiries regarding coronavirus scams and our more seasoned clients and in particular widows tend to be the most vulnerable. So please be aware of the following:

1. Do not click on links from sources you don't know.....this includes text and email messages.
2. Hang up on robocalls. Scammers use illegal robocalls to pitch everything from low cost health insurance to work at home schemes. Also, any unsolicited contacts offering CARES ACT stimulus assistance should raise suspicion.
3. Do your homework when it comes to solicitations for donations, whether from charities or crowd-funded sites. Never donate cash, by gift card, or by wiring money.
4. Be alert to "investment opportunities." Economic downturns spur criminals and opportunists to come out in droves feeding on people's uncertainty.

5. Be cautious of unsolicited requests for Medicare or Medicaid numbers.
6. Do not accept unexpected calls or visitors offering COVID-19 tests or supplies. Ignore offers or advertisements for COVID-19 testing or treatments on social media sites.

We wish you and your loved ones well. These are certainly unusual times and it is uncertain financial times like these when our team and guidance provides some peace of mind--it is the cornerstone of our relationship.

We urge you or any of your family or friends to reach out to us if we can be of any assistance.

We appreciate your relationship and your trust.

Best regards,

Bill Abeles, Jr.

William R. Abeles, Jr, CFP®, CLU®, ChFC®
Managing Director – Investments

Dave Abeles

David M. Abeles, AAMS®, CFP®
Managing Director-Investments

Ryan Flurie

Ryan M. Flurie, MBA, CFP®
Managing Director – Investments

Wells Fargo Advisors is a trade name used by Wells Fargo Clearing Services, LLC, a registered broker-dealer and non-bank affiliate of Wells Fargo & Company.

CAR 0620-05338