



January 8, 2021

Dear Client,

Each holiday season gives each of us an opportunity to renew traditions and relive childhood memories. This extraordinary and unusual holiday season generated an opportunity to enjoy one of the holiday's most popular movies—replayed over and over on Christmas Day.

The TNT channel replayed the classic holiday comedy “A Christmas Story” back to back for 24 hours. The Abeles Jr. household (my adult children) spent Christmas Day enduring numerous random TV channel scene checks by their father.

Here's a brief movie plot summary if you do not remember or have never had the opportunity to enjoy this holiday flick. Based in the 1940's, the storyline centers around 9 year old Ralphie's Christmas wish for a “ Red Ryder Carbine Action 200-short Range Model air rifle” (BB gun) and his actions to overcome the objections of his mother and others who warn that “he will shoot his eye out.”

Time will heal the challenges 2020 presented to us, we will of course, always remember COVID-19, a worldwide pandemic, the financial and emotional stress and loved ones lost. But there are aspects of the year that we will remember with fondness.

Family meals and dinner conversation came back in vogue. “Zoom” calls made visits with family and friends virtual, visually acceptable and easy. And binge watching multiple episodes of our favorite shows (Joe Exotic and Tiger King, really?) and time to participate in 24 hour “A Christmas Story” movie marathons.

But how does this relate to our 2021 Wells Fargo Investment Institute Outlook?

2020 will be remembered as challenging and difficult, but as we move forward, heal and economically recover, there are some very positive aspects that will be drawn from the past year.

Wells Fargo Investment Institute believes that while we all will need to persevere for some time longer, progress in managing COVID-19 in the coming year should support the economy's recovery. In the attached 2021 Outlook report—*Forging a Path Forward*—Wells Fargo Investment Institute shares its forecasts for equities, fixed income, and real assets, as well as what the development of a COVID-19 vaccine and post-election policy changes could mean for the U.S. economy. The report also highlights potential investment opportunities in 2021 arising from the recovery.

We have attached the Wells Fargo Investment Institute 2021 Outlook Summary for your review. As always, a more comprehensive report is available and posted to our website ([www.abelesflurie.com](http://www.abelesflurie.com)) or we can mail you a copy upon request.

Uncertain times and the corresponding unpredictable volatility are normal parts of the investment cycle.

Our Envision® planning service is an important pre and post retirement planning and investment diversification tool which allows our relationships to identify personal and financial goals and with our guidance, build and track action steps towards achieving those long term goals.

In addition, the Envision® planning service also aids in the development of a holistic diversification and investment management strategy that incorporates all of the investment and savings accounts tied to our relationships.

We recommend and are required to conduct an annual review of your Envision® plan. We welcome the opportunity to visit with you by phone, virtually by zoom or in person at your convenience. With some information forwarded by you in advance of our visit, we can update and prepare your Envision® plan in advance of our visit together.

As we turn the page to the optimism of a new calendar year, we are being presented with the possibility of another modification to individual (personal, investment and estate) and corporate tax rules, we remind you of some planning strategies you should consider:

- Review the tax deductible and/or after tax (Roth) retirement savings feature of your retirement savings plan at work AND the possibility of depositing extra retirement savings into a regular or Roth IRA. Calendar year 401(k) plan and IRA account savings limits have been announced and remain unchanged. 401(k)/403(b) savings limits are \$19,500 (unless you are over 50 years of age whereby the limit is \$26,000). Remember, your 401(k)/403(b) plans should be your primary retirement savings tool. Plan to increase your retirement savings rate 1-2% each year!
- If you are at or approaching 72 years of age, **required minimum distributions (RMD)** from your retirement savings (a required option that was waived in calendar year 2020) will be reactivated as a requirement. Further, income tax and charitable planning may need to be adjusted going into the New Year. Please review your IRA and Retirement Plan beneficiary designations. The “Stretch IRA” beneficiary planning strategy has been narrowed in its flexibility and should be discussed. We incorporate this issue into our review with us but please contact us so we can discuss your specific circumstances.
- With the likelihood of new tax legislation, should we consider converting some of your retirement plan savings to a Roth “bucket” (some retirement plans allow in plan conversion options) and/or convert to a Roth IRA? Please consult with your tax advisor before executing this tax planning strategy.
- Take advantage of the low interest rate environment to refinance your mortgage. Call us, we can help evaluate your options here.
- Stay in tune with your estate planning attorney. The current individual and estate tax provisions of the law are scheduled to expire at the end of 2025. There may be wealth transfer and gifting opportunities that you should discuss and evaluate over the next couple of years.

In these uncertain times, the Abeles Flurie Wealth Management Group of Wells Fargo Advisors acknowledges our fortune in being employed in the financial services profession as well as the opportunity to interact with you.

Our practice continues to function seamlessly on a “hybrid” remote and in office basis in the servicing of your relationship. Please do not hesitate to reach out to us if we can be of any assistance.

We wish you and your family good health and happiness for the New Year!

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