

Our Message for the New Year

The beginning of each year brings with it a personal time of reflection coupled with an eye to the future. It has been a challenging past year in the world to say the least. We have all witnessed acts of tremendous love and strength by our fellow citizens and neighbors. These selfless acts of courage and goodness give us all more strength and provide the foundation for hope for better days ahead. Please know that we are here for you in any way we can be, to be a part of what brings more hope and light for the future. As we start this new year, we want to extend our heartfelt thanks to each of you for the trust you place in us.

The Recent COVID-19 Relief Bill

The recent relief bill that was finally passed has over 5,000 pages. Needless to say, we will only highlight a handful of provisions that we believe will be of most interest.

1. Stimulus checks – This bill included the payment of stimulus checks to individuals and families who qualified based on certain income limitations. It is our understanding that most of these checks have already either been received by recipients or will be very soon.
2. Paycheck Protection Program – We have all seen the devastation to countless small businesses because of the pandemic. The provisions in this bill re-open and enhance the Paycheck Protection Program with modifications and are designed to help businesses who continue to suffer financially due to COVID-19. Eligibility for loans has been expanded and the list of expenses that can be counted towards eligibility has also been greatly increased.
3. FSAs (Flexible Spending Accounts) – This bill offers employers the opportunity to allow employees to carry forward to 2021 whatever money is left over in employee FSA accounts at the end of 2020 for Dependent Care and Health Care spending. For those of you with FSA accounts, we urge you to contact your employer to determine if this option will be available to you.
4. The waiver of future RMDs (Required Minimum Distributions from IRA accounts) has been discontinued.
5. Student loan relief has been discontinued.

Market Thoughts

Last year the three major U.S. Stock markets posted the following total returns (including dividends): the Dow Jones Industrial was up 9.7%, the S&P 500 was up 18.4% and the NASDAQ was up a whopping 45% (Source: CNBC). As we mentioned throughout last year, we understand how challenging it can be to make sense of these returns given all the negative news and events throughout 2020. It bears repeating that markets are forward looking. In other words, they are not pricing based on what is happening today, but instead, looking to future prospects.

Looking to the future as we begin 2021, Janet Yellen has been confirmed as our new Treasury Secretary. It is realistic to believe that there will be a very big push for very aggressive stimulus measures to help our pandemic-stricken economy get back on track. With interest rates still hovering at all-time lows, Ms. Yellen will no doubt push hard “to go big” in terms of economic stimulus proposals. Once pandemic restrictions are eased, it is not hard to imagine an economy which acts like a coiled spring that finally lets loose. We are not predicting that everything will come up rosy, but there is reason for optimism, especially towards the second half of 2021.

In terms of the markets, we continue to believe that well diversified portfolios based on your individual needs are how best to navigate whatever lies ahead.

Tax Year 2021 Retirement Plan Contributions

Please note that we need to receive your 2021 retirement plan contribution checks by April 8, 2021 or contact us if you would like to set up an ACH from your bank account. This will allow us time to process your transaction before the deadline. If you are not able to make this April 8th date, you may send your checks directly to the appropriate investment company. Remember to write the contribution year in the Memo field (e.g., IRA or Roth IRA 2021 contribution) so that it can be coded to the proper tax year.

Tax Year 2021 Retirement Plan Contribution Amounts

IRAs

Individuals under age 50 may contribute \$6,000 and individuals age 50 and older may make an additional “catch-up” contribution of \$1,000 for a total of \$7,000.

TSA/403(b), 401(k)

The contribution limit for participants under age 50 is \$19,500. Participants age 50 and older may make an additional “catch-up” contribution of \$6,500 for a total of \$26,000.

Simple IRA Deferral Contributions

Participants under age 50 may contribute \$13,500 in 2021. The “catch-up” contribution provision available for participants age 50 and older allows for an additional \$3,000 for a total of \$16,500.

Profit-Sharing Plan Contribution/Deduction Limits

The employer deduction limit for profit-sharing plans remains at 25%. This continues to allow substantially increased annual contributions for employers who use or allow multiple contribution options, such as profit sharing, matching, and after-tax contributions.

Please contact us if you retired last year or are planning to retire in 2021 and are making systematic investments to retirement accounts through our office.

If you are no longer working, we will need to terminate any automatic/systematic investments that you may have had established for your various retirement accounts (i.e., IRAs, Simple IRAs, and SEPs) so that contributions are not made in 2021.

RMDs (Required Minimum Distributions) from Retirement Plans for Individuals who are 72 already or who will be turning 72 in 2021

If you have retirement accounts and are going to reach the age of 72 in 2021, you will need to start taking required distributions from this account.

2021 Limits for Tax Deductibility of Long-Term Care Insurance Premiums

Premiums up to the limits below are considered unreimbursed medical expenses and are deductible to the extent that they, along with other unreimbursed medical expenses, exceed 7.5% of your adjusted gross income. Amounts above the limits specified below are not treated as a deductible medical expense.

Attained Age before the Close of 2021	Maximum Deduction
40 or less	\$450
more than 40, but not more than 50	\$850
more than 50, but not more than 60	\$1,690
more than 60, but not more than 70	\$4,520
more than 70	\$5,640

1099s - Just a reminder – revised or late 1099s from investment companies are always a possibility

FYI – SEI usually mails out their 1099s on the last day of February. 1099-Rs (retirement income) are usually mailed on the last day of January.

Quarterly Statements

You should be receiving statements at least quarterly from SEI. If you are not receiving these statements, or you need another copy of a statement, please call us and we will provide one to you. Clients are encouraged to review the information on the statements, especially the amount of fees deducted, and compare that information with any information provided by Hart & Patterson Financial Group LLC. If there are any questions or discrepancies, please contact us as soon as possible.

ADV Annual Offer

Each year, the Securities and Exchange Commission (SEC) requires that we send a copy of our ADV filing, Part 2 along with a copy of Form CRS. If you have any questions on these documents, please let us know.

Enjoy the start of this New Year!

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