MAY 2020 ISSUE 2

MONARCH INSIDER

Reflection | Understanding | Relevance

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THIS TIME IS DIFFERENT

Coronavirus understood

By now we have all felt the impact of the virus in more ways that one can describe. This isn't news, but in order to clearly identify what we are up against, I think it's best to divide the consequences of this unforgiving pandemic into two parts; health and financial. Most of you reading this newsletter have more accurate and up to date COVID-19 information delivered to your cell phone than we could ever provide. Our intent here is to provide some basis for what we know about the virus, how it's impacting our lives and the thought process behind our management of your assets.

Over the years of managing money, we have overcome many challenges with respect to: war, terrorism, pandemics, crisis and political unrest. In almost every event we have faced, emotion has compelled investors to think "this time is different".

Placing a focus on health over economic woes has a direct impact on the other and vice versa. It becomes obvious that we're facing a moral and political dilemma. Governors were tasked with the decision to open their states' economy, come up with a process and timeline of how to implement. Only time will tell if those decisions were overzealous or too conservative. One thing we do know is the longer the quarantine is in place, the more businesses will be forced to close permanently.

WHAT'S INSIDE THIS ISSUE:

"Timing the market is for day-traders and speculation!"

MONARCH WEALTH MANAGEMENT

Photo by Adli Wahid on Unsplash

Life Insurance has never been easier than today! If you have an old policy that needs to be reviewed, updated, extended or understood, schedule a call to learn more.

MONARCH WEALTH
MANAGEMENT

Unlike anything we've faced before in our lifetime, this time may be just that; different. It continues to challenge every fiber of how we live our lives; education, shopping, work, socializing, and events. We are strong, resilient and have a devotion to succeed. Precautions have been put in place to protect our health and well being, but at what cost?

As for the correlation and impact on the economic state of the global economy and your investments, we are navigating uncharted territory. We would be mistaken to exam the past periods of recovery coming out of a pandemic. This is not a singular issue or the sole problem of China, Europe or the United States. We are facing global economic harm and challenges to the public well being of millions around the world.

The market has shown us how quickly and violently it can turn on a dime. It is a reminder of the pain we dealt with in 2001, 2008 and 2015. Challenging times have been overcome a number of times in the past twenty years. This too shall pass, but the bigger question is when and what the "new normal" will look and feel like. Although we know markets are bound for correction and don't continue to march upward without missing a step, it's always the scariest when your're in the middle of a crisis.

As asset managers we remain diligent, patient and have a responsibility to maintain a disciplined approach. Nerves of steel one might reference. That does not mean that we won't sell asset classes or sectors that face eminent risk. We have raised cash, played defense and re-balanced where appropriate. You may have noticed some changes to your investment lineup and those represent strategic moves; not selling in a moment of panic. There is a difference and we do not allow for emotion to impact our decisions or thought process. We remain positive on the overall outlook of the market long term, but do understand that we will continue to live with volatility until the virus is controlled or a vaccine is uncovered. Timing the market is for day-traders and speculation and has no place in our goals-based retirement planning. The strategic changes we make are by design and according to your specific plan.

CARES ACT

What you should know

In our last newsletter we discussed the implementation of another act that was passed late into 2019, the CARES Act, which is completely different than the SECURE Act. This recent act was set in to motion as a result of the virus and implication on business and individuals.

The first key provision is the assistance given to small business owners. Efforts include the Paycheck Protection Program, Economic Injury Disaster Loan Program and payroll tax credit. Details of the plans were communicated via the Small Business Administration and various SBA approved banks. The Fed and SBA had great intentions with this part of the act, but execution of this aggressive program was a completely different story. Given the swiftness and massive undertaking, it was bound to have flaws and unintended consequence. Many large companies who met the liberal requirements, cashed in big on the large amounts of grants they qualified for. Many of the small and mid-sized business owners we work with, were hesitant, reluctant or misinformed about the program. The intended beneficiary of these programs was the small business owners, but it seems that a large part of the funding went to regional or national corporations. A fair share of the problems stem from the lenders themselves. Local banks did well and big banks fell far short.

The individual assistance provided is in the form of a stimulus check provided to families. The amount and eligibility requirements are based on adjusted gross income as well as number of children. No action was required for most and many received their direct deposit payments in mid April. The Fed remains confident that the program will continue to make disbursements of this stimulus over the upcoming months. About half of our clients who qualify for funding have received it as of early May.

A final component of the act which is most relevant to our clients is the retirement assistance. For those in dire need of money, access to retirement plans has never been so flexible.

We have traditionally advised against retirement accounts borrowing or withdrawals. Retirement accounts should be reserved for retirement and the last source of borrowing but for many it has become their only option. What type of relief has been provided? Some include: in-service distributions, exemption of early distribution penalties, eliminating mandatory tax withholding, allowing deferral on distributions, and potential repayment of withdrawals without tax or penalty.

GREED IN CRISIS

Scams Running Rampant

The crisis has certainly forced many individuals and business owners to act as quickly as possible due to time constraints and funding limitations. With all this hurry-up offense comes room for predators to capture your information. Yes, this is a common topic in our blog posts, newsletters and social media posts, but we do this for a reason. We hope our efforts in sharing the details of the latest scams might help prevent you, a friend or family member from falling into the same trap.

What are we seeing happen right now? We know everyone wants their portion of stimulus funds as soon as humanly possible. For most of us, no action is needed. Some who have yet to receive their funds are looking for help or updates on when and how they might receive their money. Be wary of any service, email or phone call that may provide help. Always go direct to the source and in this case it's the IRS.GOV website itself. There, individuals can search for the status of their stimulus and update direct deposit information if needed.

Internet thieves have been drooling ever since the announcement of a quarantine for all non-essential businesses. More people are working from home than ever before. That means more people with data online, speeding through their day and working as fast as they can. That also means online ordering via amazon. Email spoofing takes advantage of

Photo by Lisa Gianvecchio

the desire to check on the status of a package. Messages look as if their being sent from amazon, UPS, Fedex or the U.S. Postal Service. They promise for package tracking, updates or issues with delivery. We've also seen messages sent from other services like failed payment for an amazon order. Deceptive methods demand immediate attention and threaten to cancel an order we may be needing like toilet paper, sanitizer or soap. Ultimately, take caution in what you respond to and always pause before taking action on something you may regret.

> "Internet thieves have been drooling ever since..."

PRESENT DAY "NORM"

Quarantine Now What

Our firm has been deemed an essential business which has allowed our team to continue providing access to accounts, active management and uninterrupted service that you have grown to expect. Due to social distancing, we engaged our business continuity plan and implemented virtual and phone meetings to accommodate business needs. The plan has been in place since our existence and although we never expect to use them, they were created for a reason. Working remotely is different, but it does not prevent us from helping our clients during this crisis.

MONARCH WEALTH
MANAGEMENT

MARKET UPDATE

Ready or not

Wall Street analysts have been making bold claims on the current and near term health of the economy and the stock market. At the time of writing this newsletter, we have potentially already experienced a broad market bottoming in late March.

Will this prove to be the "real" bottom of the market in 2020? Only time will tell, but whether or not that comes to fruition or not isn't important. The underlying message here is staying the course. Many of our clients' goals have not changed at all. We discuss the importance of posture and maintaining a focus on goals versus daily or annual returns. Chasing returns is not an investment strategy.

Since the S&P 500's bottom on 3/23/20, the market has roared back almost 30%. Does that mean that all worries

to be the real bottom..."

As far as other opportunities inside of your own accounts, there are some that may not be so obvious. Tax planning measures are a part of each non-retirement investment accounts. No action is required on behalf of our clients unless they request to be part of tax-loss harvesting or realizing gains. These can be complex strategies and each persons specific situation is very different. We always suggest collaboration with your tax advisor or accountant and encourage clients to obtain guidance on any tax strategy from those professionals. There are opportunities in this market and we intend to locate them will patience and discipline.

Of course not. We also don't believe there is a better time to be invested than right now. The upside potential outweighs the downside loss as we believe a lot of the impact has been realized.

Most of America is not feeling a sense of relief right now. We're at the tail end of the state mandated quarantine and still no vaccine in place. Tons of businesses and their employees will continue to suffer until we have something to protect against Covid-19. The market is reacting quite different than the sentiment on the street. Irrational? Maybe, but the market is forward looking and doesn't always react in a rationale way that we can justify. For that reason we have to be prepared and positioned to take advantage of opportunities as they present themselves. Otherwise, you could be caught off-guard and miss a large run on the market and miss a ton of the upside. A ton of investors recall 2008 as a vivid memory, but a good reminder of this.

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CLOSING THOUGHTS

Housekeeping Items

There are more things to consider if you or someone you know needs financial assistance. This is no doubt an unprecedented time and it has ramifications that we cannot begin to comprehend. Please understand if you are experiencing a financial hardship, you are encouraged to reach out to the companies that manage your: mortgage, credit card, student loans, and insurance to seek temporary relief and options to help with your specific needs.

All events have been postponed indefinitely throughout the remainder of 2020. This includes all appreciation and learning workshops. Notice has been sent to registrants as well as posting on our resource center of the website.

Be sure to stay tuned to our podcast, social media posts, blog website and newsletter for our latest updates. Wishing you well.

Stay Safe,
The Monarch Team

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