

## The Archvest Advantage Q3 2020 Newsletter

October, 2020

### Cloudy with a Chance of Meatballs

Most have heard of the above children's story from the 1980s, *Cloudy with a Chance of Meatballs*, where the small town of Chewandswallow is unlike any town in the world, completely reliant on weather to provide the three meals a day. All is well in this little town until the weather takes a turn for the worse. The food portions get larger and larger, people can't go outside, schools close and ultimately the citizens of the town escape in search of a new land and the town of Chewandswallow was never seen again. The story carries an interesting theme with regards to the weather and its unpredictability, which has us reflecting on our current status of the economy with the markets turning positive for the year, the U-6 unemployment at 12.8% yet our GDP whipsawed back by a staggering annual rate of 35.4% according to the latest estimate released at the end of September. So is the recession over? As we see it from here, it is still very cloudy with a chance of meatballs and it does not seem like the weather will give our economy a break anytime soon. So bring out your plates, forks and knives as we all will have lots of eating (i.e. work) to do to get us back on track. Unlike the town of Chewandswallow, we cannot abandon and head for new lands; rather we can only prepare for the continued crisis.

The technology sector again leads in the third quarter and remains the leading force behind the current market rebound. For the quarter, the Dow was up 8.2%, the S&P 500 was up 8.9% and the tech-heavy Nasdaq was up 12.6%. While the quarter was strong, the breadth of the rally was fueled mostly by large-cap growth which continues to outpace large-cap value. If we zoom out from the quarter and look at year to date year, we see a very different picture: the Dow down .9%, the S&P 500 up 5.6% and the Nasdaq up 31.7%. The international markets are also lagging: the developed markets are negative 7.1% and emerging markets negative 1.2%. With the major economic recession as a result of the COVID-19 pandemic coupled with high unemployment, we have serious doubt regarding the robustness of the market recovery. We continue to believe that US markets remain overvalued and over bought.

While the citizens of the little town of Chewandswallow had the ability to leave due to the surfeit of food, we don't have such a luxury to explore greener pastures. We are still facing the midst of a healthcare and economic crisis with no end in sight. We must do our best to adapt to this new normal and from an investment perspective, we have by reducing risk.

### Personal Security – Identity Theft Prevention

In our ever-changing cyberworld, the security of your personal data is very important to us. As such, we recommend taking actions to safeguard your credit as a major step in preventing identity theft and stopping criminals from opening credit in your name. In fact, in the fall of 2018

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we added the following page to our website with direct links to the three credit bureaus to freeze your credit: <https://archvest.com/creditfreeze>. If you have not had the chance, please take the time to freeze your credit. It's free and easy to complete online. If you need to apply for new credit, you can easily lift the credit freeze temporarily and re-freeze your file.

Criminals can also fraudulently use your identity to open new cable or cell phone accounts. You can freeze your file at NCTUE, National Consumer Telecommunications and Utilities Exchange, a consumer credit reporting agency whose members are telecom and utility companies that contribute their customer account information to a central database. You can freeze your telecon and utility disclosure report at:

<https://www.exchangeservicecenter.com/freeze>

To prevent a criminal from using your identity to file a fraudulent tax return, you can request an Identity Protection PIN (IP PIN) from the IRS. The IP PIN helps the IRS verify the taxpayer's identity and accept their electronic or paper return. You can set up your IP PIN at:

<https://www.irs.gov/identity-theft-fraud-scams/retrieve-your-ip-pin>

To prevent a criminal from opening a bank account in your name, place a freeze with ChexSystems. ChexSystems compiles banking information like overdrawn accounts, negative balances, closed accounts. When you apply for a bank account, the bank will run your ChexSystems report to see if you have any negative marks. You can lock your ChexSystems account at:

<https://chexsystems.com/web/chexsystems/consumerdebit/page/securityfreeze/information>

If you have not logged into the Black Diamond reporting system in a while, you will be prompted to update your password and enable two factor authentication. While two factor authentication is not foolproof, it is a good way to add an extra layer of security to your accounts.

Lastly, we encourage you to consider using a reputable password manager, such as LastPass or Dashlane. You'll only have to remember one long strong password and the password manager will create complex passwords for all of your accounts. To be even more secure, consider a physical security key. The top brand today is Yubikey which is a USB and near field communication device that acts like a physical key that cannot be copied.

## Housekeeping Items

As we approach year-end, we want to remind you of a few deadlines to keep in mind.

If you have been deferring in your retirement account (i.e. your 401K, 403B or 457 plan), be sure to confirm you are on track to max out your plan. For most, you'll hit the max deferral limit by the end of November. If you are unsure, please contact us and we can review your most recent paystub to propose any necessary changes.

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With the holidays, please note that the deadline to process applications to open new Individual 401(k)'s and cash/ stock donations is December 18th. Post that date the custodians can only process on a "best efforts" basis and processing cannot be guaranteed. If you have questions about optimizing your charitable giving strategy, let's schedule a time to discuss this further.

For those on Medicare, annual open enrollment is now in effect until December 7th. Be sure to review your plan or call us with any questions. We would also encourage you to utilize free local services like the Health Insurance Counseling & Advocacy Program (HICAP), where you can schedule one-to-one consultation to review your Medicare options.

As we have mentioned in our prior newsletters and updates, now is still a great time to refinance your home loan. If your current mortgage rate is above 3.50%, please give us a call and we can review and shop refinance options on your behalf to determine the best solution for your circumstances. Though the Federal Reserve intends to keep rates low for some time, the bond market will continue to dictate the mortgage rates.

We appreciate the confidence you have placed in us to work alongside you regarding your planning needs. Be sure to follow us on Facebook, LinkedIn and Twitter as well as our RSS feed to stay up to date on what we're reading and thinking.

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*Archvest Team*