

WINTER 2021 INFORM

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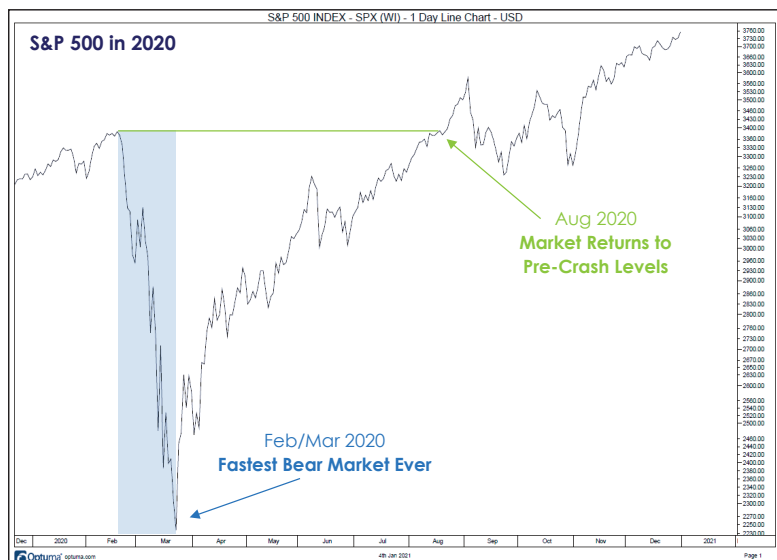
WHITCOMB & HESS
CPAS & FINANCIAL ADVISORS

A Year In Review: 2020 Market Recap

By Ryan Gilmer

Viewed through almost any lens, 2020 was a historic and incredible year. And now it's over. Let's take a look back at what happened over the last 12 months in the market.

Here is a chart of the S&P 500 from 2020:



Notable events from the year included:

- **The market crashed** – From February 19th through March 23rd, a period of 24 trading days, the S&P 500 declined 35.41%, marking the fastest bear market ever.
- **The market rebounded** – After the market bottomed, it only took 103 trading days to recover these losses in their entirety, reaching pre-crash levels for the first time on August 18th. Both the decline and the rebound occurred

Year in Review continued on page 2

Numbers to Know for 2021

By Chris Nadler and Tracy Wells

As we welcome the new year, we want to help you refocus on your personal financial plan. Here are a few things to keep in mind for a successful 2021, including some reminders from the SECURE Act which took effect in January 2020.

Contribution Limits for Retirement Accounts

2021 Contribution Limits	Under Age 50	Age 50+
Traditional & Roth IRAs*	\$6,000	\$7,000
Simple IRAs	\$13,500	\$16,500
401(k)	\$19,500	\$26,000

* These contribution limits are the same as 2020.

SECURE Act Reminders - began 1/1/2020

Required Minimum Distributions (RMDs): RMD age increased from 70 ½ to 72. First RMDs must now be taken by April 1 of the year following the account holder turning 72.

- Note: The CARES Act of 2020 suspended all distribution requirements for 2020.

Withdraw Rules for Inherited IRAs: For new inherited IRAs opened in or after 2020, there is no longer a minimum amount that non-spouse beneficiaries must withdraw annually. However, the entire balance must be withdrawn by most heirs within 10 years of the original account holder's death. (Spouse beneficiaries are exempt from this rule.)

Numbers to Know continued on page 3

In This Issue:



A Year in Review: 2020 Market Recap	1
Numbers to Know for 2021	1
Charitable Giving on Your 2020 Taxes	2

Market Update	2
Ryan Gilmer & Teri Yoder Take on Leadership Roles . . .	3
News from the W&H Team	4

Charitable Giving on Your 2020 Taxes

By Eric Key, CPA

The CARES Act significantly loosened some of the rules governing charitable deductions for the tax year 2020. Here are some highlights:

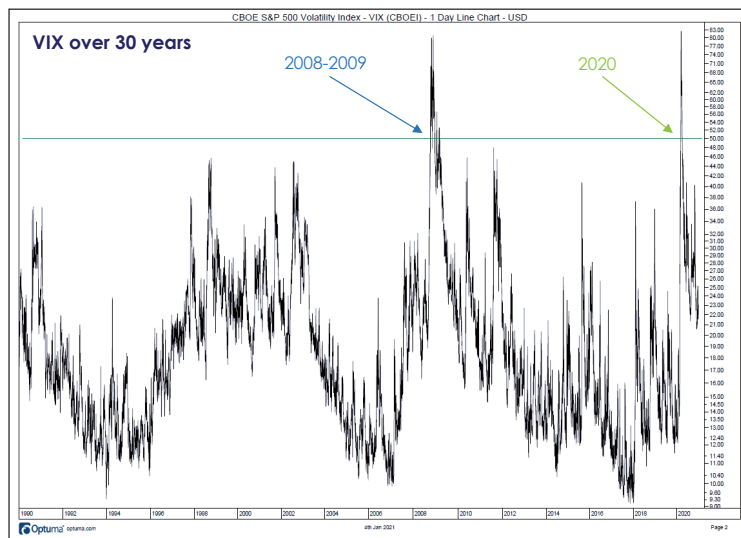
- Individuals will be able to claim a \$300 above-the-line deduction for cash contributions made, generally, to public charities in 2020. This rule effectively allows a limited charitable deduction to taxpayers claiming the standard deduction. (This is not allowed for taxpayers who itemize deductions.)
- The limitation on charitable deductions for individuals (generally 60% of modified adjusted gross income) doesn't apply to cash contributions made, generally, to public charities in 2020. Instead, an individual's qualifying contributions, reduced by other contributions, can be as much as 100% of the contribution base.
- Similarly, the limitation on charitable deductions for corporations (generally 10% of modified taxable income) doesn't apply to qualifying contributions made in 2020. Instead, a corporation's qualifying contributions, reduced by other contributions, can be as much as 25% of modified taxable income.

No connection between charitable contributions and COVID-19 activities is required. Please contact your CPA with any questions you may have.

Year in Review continued from page 1

extraordinarily quickly. For perspective: it took 1,030 trading days (more than four years) for the market to recover from the financial crisis that ended on March 6, 2009.

Another way to gauge market volatility is through the **S&P 500 Volatility Index**. Commonly referred to as **the VIX**, it indicates the level of fear present in the market. It fluctuates between values of 10 (little fear) and 90 (exceptional panic). The following graph shows the VIX since its inception in 1990.



Volatility hit extreme levels this year. In 30 years, the VIX has only traded above 50 (the green line) for 91 days, which is roughly 1.16% of the time. Only two other calendar years registered VIX readings over 50 – 2008 and 2009 (which proved to be very attractive buying opportunities for long-term investors).

It's truly been a significant and unique year in markets. As investors, what can we learn from this year to help us reach our financial objectives?

First, remember the importance of optimism. People who stay invested usually believe the future is going to be better than the past. On any given day, we can find bad news – in many cases, it finds us. But over time, especially long periods of time, the world is getting better, not worse. We can succeed as investors only if we embrace an optimistic point of view.

Second, the scariest markets always provide the best buying opportunities. The decisions you make during bad markets ultimately determine your long-term investment results. The best investors know how to use large market declines to their long-term advantage. It's during years like this when having a trusted advisor can prove especially useful.

We wish you a happy and healthy 2021 – and hopefully lower readings on the VIX!

MARKET UPDATE as of December 31, 2020

DOW JONES IND AVG	4TH QTR 10.73%	2020 YTD 9.72%	5 YR AVG 14.65%	10 YR AVG 12.97%
S & P 500 COMP	4TH QTR 12.15%	2020 YTD 18.40%	5 YR AVG 15.22%	10 YR AVG 13.88%
RUSSELL 2000	4TH QTR 31.37%	2020 YTD 19.96%	5 YR AVG 13.26%	10 YR AVG 11.20%
MSCI WORLD ex US	4TH QTR 15.51%	2020 YTD 7.59%	5 YR AVG 7.64%	10 YR AVG 5.19%
BARCLAYS US AGG BOND	4TH QTR 0.67%	2020 YTD 7.51%	5 YR AVG 4.44%	10 YR AVG 3.84%

Ryan Gilmer & Teri Yoder Take on Leadership Roles

Whitcomb & Hess is pleased to announce that **Ryan Gilmer, CFA®, CMT®** has joined our owner group effective January 1, 2021. Ryan was an Investment Advisor with our firm from 2006-2016. After a three-year stint in Akron, Ohio with the portfolio management team for Valmark Securities, Ryan returned to W&H in the fall of 2019 as Chief Investment Officer. He specializes in investment research, constructing investment portfolios, and analyzing market dynamics.

Ryan regularly meets with our entire Advisor team, leading discussions on investments and investment strategies that will benefit our clients. He holds the Chartered Financial Analyst (CFA®) designation, and is a Certified Market Technician (CMT®) designee. When asked what this promotion meant to him, Ryan said, *"I am grateful to become a partner of the firm. I'm looking forward to many years of serving clients and helping them achieve their financial aspirations."*

As our firm continues to grow our Investment Advisory team and assets under management, Ryan's expertise is a critical component in producing the investment results and experience we want for our clients. We are fortunate to have someone with Ryan's experience making a difference on our team.

Teri Yoder, CPA, has been promoted to Manager within the firm. With this promotion, Teri will continue to build relationships with business owners; providing advisory, tax, and accounting services. Teri is a QuickBooks ProAdvisor and has been with W&H since 2014. Teri had this to say about taking on her new responsibilities, *"I have been very blessed throughout my career at Whitcomb & Hess. I love working with our clients and I am excited to have even more opportunities to serve them."*

Ryan and Teri are both Ashland University alumni and reside in the Ashland area. Outside the office, Ryan enjoys watching sports and spending time with his wife, Tessa, and their three daughters, Regan, Lillian, and Marian. Teri and her husband, Ervin, have two sons, Hayden and Peyton, and when she's not working or playing with her kids, Teri enjoys reading and gardening.



Ryan Gilmer, CFA®, CMT®
Chief Investment Officer

Direct Line: 419.496.2121
E-mail: rgilmer@whitcomb.com



Teri Yoder, CPA
Manager

Direct Line: 419.496.2283
E-mail: tyoder@whitcomb.com

Numbers to Know continued from page 1

Social Security

The Cost of Living Adjustment for 2021 is 1.3%.

Earnings limits for those receiving Social Security Benefits in 2021	
Under full retirement age*	\$18,960/yr
The year individual reaches full retirement age**	\$50,520/yr
Beginning the month an individual reaches full retirement age	None

* Note: One dollar of benefits will be withheld for every \$2 in earnings above the limit.

** Note: One dollar in benefits will be withheld for every \$3 in earnings above the limit. Applies only to earnings for months before full retirement age.

Medicare Part B Premium & Surcharges

The standard Medicare Part B premium amount in 2021 is \$148.50

However, Medicare beneficiaries that had higher incomes in 2019 could pay more in 2021. Those who had Modified Adjusted Gross Income in 2019 of \$88,000+ for individuals, or \$176,000+ for married couples, will pay additional surcharges ranging from \$59.40 to \$356.40 per month on top of the standard Part B premium.

If you would like to discuss any of these topics further, please get in touch with us.



Chris Nadler, CFP®, CTFA®
Investment Advisor Representative
Direct Line: 419.496.2227
E-mail: cnadler@whitcomb.com



Tracy Wells
Investment Advisor Representative
Direct Line: 419.496.2225
E-mail: twells@whitcomb.com

Disclosure Statement

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W&H Team News: Family & Fun

By Jordan Kvochick

In December, members of the W&H team and their families built a float for Ashland's annual Christmas parade! This year's theme was My



Favorite Christmas Movie. Our float was inspired by the toy store scene in the movie Elf, where Buddy decorates everything because, "Santa is coming! We know him!"

The W&H family has grown to include twins Paisley and Sheppard who were adopted by **Tim Hilterman** and his wife, Abby, in October. This makes the Hiltermans a party of eight!



The newest granddaughter of **Jim Hess**, Haven Jane, made her debut in November. Haven joins her three cousins, making her grandbaby #4 for Jim and Margaret Ann.

Approximate size needed to run thru
our First Class Mail Meter



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New Faces at WHITCOMB & HESS

W&H is growing! Here are some new faces you may see around the office.

Bethany Lortcher joined us in November as an Accounting Associate. Bethany will be responsible for processing payroll and sales tax payments, personal tax returns, and reconciling financial statements. Outside the office, Bethany enjoys spending time with friends and her fiancé, Jeremiah.



Bethany Lortcher and Dawn Henning

In October, W&H added **Dawn Henning** to the team. She fills a dual capacity of both front office receptionist duties, as well as assisting the investment advisors. When she's not at the front desk, Dawn enjoys traveling with family and friends, watching sports, and cooking.