

FALL 2020

INFORM

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Year-End Tax Savings

By Jessica Syme

Fall is finally here! As 2020 draws to a close, it's important to keep tax planning strategies in mind. Grab your favorite pumpkin-flavored drink, and let's take look at some important potential tax savings:

1. Take advantage of tax-saving charitable gifting options:

- If possible, group charitable donations to maximize your tax savings. Consider gifting to charity every two years, and then taking advantage of the large standard deduction in the off years.
- Donor Advised Funds allow you to set up a charitable investment account so that you can utilize the above strategy, but your favorite charitable organization continues to receive income on a regular basis. Also, the earnings in the account are tax-free.
- Qualified charitable distributions to a charity directly from your retirement accounts are a great option: the dollars distributed are tax-free.
- Gifting appreciated securities to charity can be utilized to avoid capital gains tax.

2. Required Minimum Distributions not required in 2020.

RMDs are taxable income, so choosing to not withdraw that amount this year will lower your tax.

3. Take advantage of your capital losses! "Loss Harvesting" is a strategy that sells capital assets, such as stock with unrealized losses, in the same year that you sell appreciated capital assets. This allows you to maximize the offset of capital gains, resulting in tax savings. Check with your investment advisor today to see if this fits in with your investment strategy.

4. Have you fully-funded your employer retirement plan?

Amounts contributed to most retirement accounts are tax-deferred, meaning it will be taxed when withdrawn in retirement when you may be in a lower tax bracket.

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Retirement Planning: A Holistic Approach

By Tracy Wells & Tim Hilterman

As part of our commitment to continual learning, advisors often participate in events designed to sharpen our skills and keep updated with what's new. Tracy recently attended the InvestmentNews Retirement Income Summit Virtual Event. Tim sat down with Tracy afterwards to interview her about this 4-day event.

Tim: What was your biggest take away from the event?

Tracy: The emphasis on retirement planning becoming more holistic. Instead of concentrating only on retirement assets, we need to remember that retirement planning is about purpose, health, emotional well-being, and overall quality of life.

Tim: How does this insight change how clients are thinking about retirement?

Tracy: While the financial piece is very important in fulfilling retirement goals, there is more to it than numbers and returns. It's also vital to visualize and identify what life will be like in retirement. *What does retirement look like for me? Will I volunteer or work a part-time job because I found something I love to do? Spend more time with family? Travel?* Sometimes people retire **from** something without considering what they will retire **to**.

Tim: You mentioned purpose. What does that mean to a retiree and how can someone plan to address it?

Tracy: It's about you, your family, your priorities at each stage of life, and fulfilling your passion in this new season. What motivates you? What makes you excited to get up in the morning and get moving? Maybe you'll transition from a 40-year career to pursuing a new passion. It's also about looking forward: you could find

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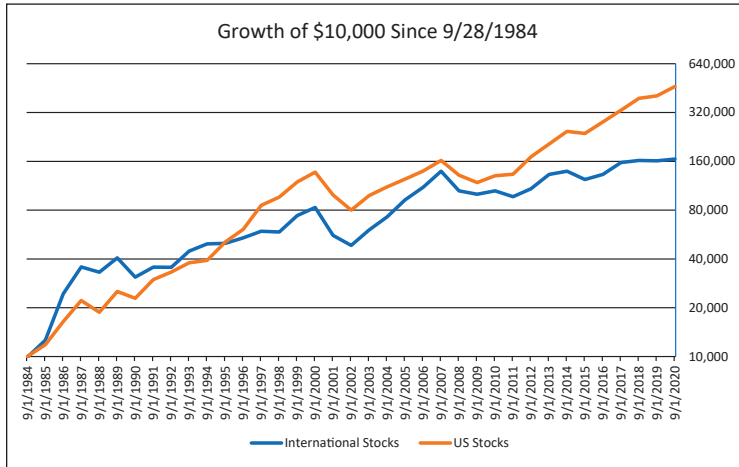
3rd Quarter Market Overview

By Ryan Gilmer

*"The best time to plant a tree is twenty years ago.
The second best time is today."
—Chinese Proverb*

In the third quarter, stocks continued to go up, regardless of where you looked. US large cap, small cap, and international stocks all increased. Bonds lagged behind, but still had positive returns.

Something else happened in the third quarter — I turned 36 years old. This had me wondering: how have stocks performed over the course of my lifetime? So, I made this chart showing the growth of \$10,000 invested in US and international stocks from September 28th, 1984, through the end of third quarter 2020:



Some observations from this experiment:

- **Overall, returns have been pretty attractive.** International stocks were up over 8% per year, resulting in over \$160,000. US stocks increased over 11% per year during this timeframe, turning into over \$469,000. Most people would probably jump at these returns over the next decade.

- **Investments are a lot like life.** When we look back at individual events in our lives, we see happiness and grief, triumph and rejection, excitement and fear, and many other emotions. Hopefully, over the whole time period, we view it all with thankfulness and gratitude. But we also see struggle and difficulty. US stocks lost money from 2000-2009. International stocks have struggled since 2007, especially relative to US stocks. In almost 15 years of working with clients, I've noticed how challenging it is to look past the current adversity to the probability of positive returns. There are always reasons for the market to decline. Investing can be emotionally trying and difficult, even though it's worth it. Just like life.
- **It's harder to travel alone.** Paradoxically, the most troublesome, demanding, and exhausting times in life give us the greatest potential to grow. The same is true of investing. When markets are going down significantly, it's hard to stay in and watch your account balances go down. After the market bottoms, usually increasing quickly, it's easy to emotionally anchor to the exact time when you should have bought more. But this chart shows that you don't need to have perfect timing to win with investing — you just need to stick with it. None of us want to go through our lives alone — and you don't have to invest alone either.

I hope that you are doing well, finding the good in life, and staying positive. We are grateful for the opportunity to help you plant that tree — one that can grow for many years to come.



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MARKET UPDATE

as of September 30, 2020

| | | | | |
|----------------------|-----------------|-------------------|-------------------|--------------------|
| DOW JONES IND AVG | 3RD QTR 8.22% | 2020 YTD -0.91% | 5 YR AVG 14.02% | 10 YR AVG 12.69% |
| S & P 500 COMP | 3RD QTR 8.93% | 2020 YTD 5.57% | 5 YR AVG 14.15% | 10 YR AVG 13.74% |
| RUSSELL 2000 | 3RD QTR 4.93% | 2020 YTD -8.69% | 5 YR AVG 8.00% | 10 YR AVG 9.85% |
| MSCI WORLD ex US | 3RD QTR 4.92% | 2020 YTD -7.13% | 5 YR AVG 5.32% | 10 YR AVG 4.37% |
| BARCLAYS US AGG BOND | 3RD QTR 0.62% | 2020 YTD 6.79% | 5 YR AVG 4.18% | 10 YR AVG 3.64% |

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Beware Scams Targeting Seniors

By Jerod Daniel

Financial scams targeting seniors can get quite scary. Thieves are more clever than ever, often posing as banks, creditors, or government agencies to steal personal and financial information. Recently, the US Senate Committee on Aging has identified the top scams that target seniors. Here's a quick rundown:

- 1. IRS & Social Security Impersonations:** Con artists claim that you owe back taxes and penalties, and threaten arrest or home foreclosure unless the amounts are paid immediately. Most government agencies would never contact you by phone, especially to demand immediate payment. The first contact would normally be a letter delivered by USPS. Hang up and call law the agency directly.
- 2. Unsolicited Phone Calls:** People are being targeted with robocalls, which are prerecorded messages with software to make it seem that the call is local. The best practice is to ignore unknown calls or hang up immediately. Some calls even claim you have won the lottery, and just need an up-front fee. If you are asked to pay anything in advance, it's certainly a scam.
- 3. Computer Tech Support Scams:** A call from someone claiming to work for a well-known tech company like Microsoft, saying your computer is infected with a virus and they need remote access to help. If you are concerned about your computer, hang up and contact the company directly.
- 4. Elder Financial Abuse & Family Emergency Scams:** Scammers will contact seniors, pretending to be a family member and claim they need money to get out of a pinch. It shouldn't be difficult to recognize if this is a real family member. In addition, actual family members, financial advisers, and caregivers can try to use your assets or properties improperly. Be aware of those who have access to your accounts, and before you accept financial advice, do your due diligence.
- 5. Romance Scams:** Criminals may contact seniors through social media, like Facebook. As communication continues and the relationship develops, they start asking for money. Be careful who you're communicating with online, especially with those you do not have a previously-established relationship.
- 6. Identity Theft:** Thieves use your stolen personal information to make unauthorized purchases, or transfer money out of your accounts. If you notice any unusual activity, notify your advisor or financial institution immediately.

Remember, scammers will try to force you to make decisions and volunteer information quickly. Generally, do not give out personal information on an incoming call. Instead, call the phone number on your statement or visit the company or agency's website to investigate the inquiry. If you believe you have been targeted by any of these scams, you may report this information by calling 1-855-303-9470, or at aging.senate.gov.



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yourself caring for an elderly parent or facing uncertain health care expenses yourself.

Tim: If someone is having a difficult time imagining what they will do in retirement, how would you recommend taking the first steps in planning for that time?

Tracy: It's good to start with some goals, focusing on priorities. What I've observed while working with those in retirement is that it's good to stay active, focusing on mental, physical, and even spiritual well-being. Studies show that the average retiree in the US watches over 40 hours of TV per week which is shocking to me: essentially they replaced their full-time job with TV. But if retirement planning is going to be more holistic, then they also need to keep moving and keep active as best they can in this new season.

Tim: Besides saving enough to provide for living expenses in retirement, what are some other things to prepare for?

Tracy: Again I think it goes back to priorities. *What are priorities in my budget? (Do I have a budget?) Are we going to relocate, remodel or purchase a home? Is my estate in order? Assuming we live longer, what unexpected health care costs might come along and should we look at Long-Term Care Insurance? What will inflation do to my retirement plan?*

Hopefully we've given you some questions to think about, with your holistic retirement plan in mind. We are here to help you piece together your information, your goals, and your concerns. If you would like some guidance building your unique retirement plan, please contact your advisor.



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Some W&H Good News!

By Jordan Kvochick

In the famous words of Albus Dumbledore, "Happiness can be found, even in the darkest of times, if one only remembers to turn on the light." Even though he's a fictional character, he makes a good point. Considering how 2020 has had its ups and downs, we wanted to share some of our bright spots with you. Enjoy these highlights from our team, and feel free to send us yours; we would love to hear them!

Jim Hess: Two weeks before the COVID shut-down in March, we found out we were going to have another granddaughter in October. I have been calling her "Sunshine" because she already brightens every day!

Briggs Owen Repp was born April 27th! Briggs is baby #3 for **Tiana Repp** and her husband Jordan, joining big sibs Bryleigh and Briar.



Aaron Bates: Big birthdays in our family for our kids (16, 13, and 10) and Aubrey opened her new studio in downtown Ashland!

Tammy Higgins: My daughter, Emma, is playing on the Ashland High School JV soccer team, and recently scored her first goal of the season! The girls are so happy that they are able to play!

This summer was full of travel adventures for **Beau Carpenter!** Grand Tetons National Park, Yellowstone National Park, North Myrtle Beach, Joshua Tree National Park, Big Bear Lake CA, Ventura Beach CA, and Malibu Beach CA.



Eric Key: We welcomed grandchild #3, Barrett Key, to the world in June, and my daughter is due in January 2021 which will be grandchild #4!

Tim Hilterman: At the end of October, Abby and I will be officially adopting the twins we've been fostering for almost two years!



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Tax Savings continued from page 1

| Retirement Plan | 2020 contribution limits | Catch up, if you are over age 50 |
|----------------------------|--------------------------|----------------------------------|
| Traditional & Roth IRAs | \$6,000 | \$1,000 |
| SIMPLE IRA | \$13,500 | \$3,000 |
| Traditional & Roth 401(k)s | \$19,500 | \$6,500 |
| SEP IRA or Solo 401(k) | \$57,000 | — |

These are a few of the possibilities to lower your 2020 taxes. Discussing your specific tax situation with a qualified tax advisor can ensure that you are maximizing your tax savings. Give us a call to set up a meeting — in person or virtually — to find what opportunities we can explore for you!



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