

WEEKLY MARKET COMMENTARY

For the Week of January 25, 2021

THE MARKETS

Stocks were mixed Friday as COVID-19 concerns resurged and the future of President Biden's proposed stimulus package remains uncertain. The S&P and the Dow closed lower while the NASDAQ pushed to a record high. For the week, the Dow rose 0.63 percent to close at 30,996.98. The S&P gained 1.96 percent to finish at 3,841.47, and the NASDAQ climbed 4.19 percent to end at 13,543.06.

Returns Through 1/22/21	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	0.63	1.37	8.67	8.23	16.78
NASDAQ Composite (TR)	4.19	5.10	45.60	23.52	25.50
S&P 500 (TR)	1.96	2.36	17.77	12.84	17.35
Barclays US Agg Bond (TR)	0.01	-0.75	5.75	5.44	4.10
MSCI EAFE (TR)	0.70	2.47	9.65	3.32	9.93

Source: Morningstar.com. *Past performance is no guarantee of future results. Indexes are unmanaged and cannot be invested into directly. Three- and five-year returns are annualized. The Dow Jones Industrials, MSCI EAFE, Barclays US Agg Bond, NASDAQ and S&P, excluding "1 Week" returns, are based on total return, which is a reflection of return to an investor by reinvesting dividends after the deduction of withholding tax. (TR) indicates total return. MSCI EAFE returns stated in U.S. dollars.

They Own it Now — Banks foreclosed on 50,238 homes nationwide in 2020, down 65 percent from 143,955 foreclosures in 2019 and down 78 percent from 230,305 foreclosures in 2018. The worst single year of foreclosures in U.S. history was 2010 with 1,050,500 (source: ATTOM Data Solutions, BTN Research).

Really Low — Inflation, as measured by the Consumer Price Index, was up 1.4 percent for 2020. For the decade of the 2010s, inflation was up just 1.8 percent per year, the lowest decade of inflation in the U.S. since the 1930s. By comparison, the decade of the 1970s suffered 7.4 percent annual inflation (source: Department of Labor, BTN Research).

Got a Lower Rate — Through Sept. 30, 2020, 65 percent of the mortgages that were originated in the United States YTD were re-fis of existing mortgages (source: Inside Mortgage Finance, BTN Research).



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WEEKLY FOCUS – Building a Nest Egg for Two

Because marriage is a 50/50 partnership, both spouses should be involved in retirement planning – even if only one works outside the home. Working spouses can show appreciation for stay-at-home partners, many of whom selflessly left jobs to care for family members, by helping them build a secure future. Here are a few things to consider.

Spousal IRA: An employed spouse can contribute to a spousal IRA for their unemployed partner if they file jointly. A working spouse who doesn't have access to an employer retirement plan, or whose income fits within federal limits if they do, can make a \$6,000 tax deductible contribution* to their and their spouse's plans (*\$7,000 for IRA owners over 50). Those with incomes over the limit can still take advantage of tax-free growth on post-tax contributions to a spousal traditional IRA or a spousal Roth if they meet its income guidelines. Thanks to last year's SECURE Act, there is no age limit to contribute to either IRA. But the working spouse can't contribute more than they earn.

Social Security: Because nonworking spouses are eligible for up to 50 percent of their working spouse's Social Security at full retirement age (FRA), timing matters. If the employed spouse draws at 62 instead of waiting until FRA, the unemployed spouse will receive half of a reduced amount. But even if the working spouse delays drawing benefits until they turn 70, the nonworking spouse won't receive more than 50 percent of their spouse's Social Security at FRA. This changes if the working spouse dies, when the survivor receives their deceased partner's total benefits – including any delayed retirement credits.

Medicare: Nonworking spouses who have not paid enough taxes to earn premium-free Medicare Part A hospital insurance may qualify through their working spouse's payments. (Some exceptions apply.) Both spouses will then also qualify for Medicare Part B medical insurance, which requires a premium. Age differences, however, can complicate matters. If a working spouse retires and drops their private insurance to move to Medicare, a nonworking spouse too young for Medicare must obtain their own insurance. But an older nonworking spouse may qualify for Medicare if their working spouse is at least 62.

When it comes to retirement, there are no do-overs. With so much at stake, it's important to get it right. Whatever your family situation, we can review your retirement plan, identify any shortfalls, and help you get on track. Call today. *We do not provide tax advice; coordinate with your tax advisor regarding your specific situation.*

If you would like to talk with John about the topics discussed in this article, or you would like to set up a phone or in person appointment to review your accounts or discuss any concerns about the markets, etc., with John, then please contact our office at 408-440-1020, or John.plaza@securitiesamerica.com to arrange a time that is convenient for you.

* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE Index) is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 20 European and Pacific Basin countries and includes reinvestment of all dividends. Barclays Capital Aggregate Bond Index is an unmanaged index comprised of U.S. investment-grade, fixed-rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and 10 years. Written by Securities America, Copyright January 2021. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SAI#3420474.1