



BUSEY WEALTH MANAGEMENT

NAVIGATING FINANCIAL MARKETS & THE CARES ACT DURING COVID-19



The information provided in this Webinar is for general informational purposes only. It is not intended to be specific advice. Please contact your Busey Wealth Management advisor to discuss solutions tailored to your unique situation.



Bob Ballsrud, CPA-PFS, CFA
EVP - Executive Managing Director



Agenda

- Our Perspectives on Current Global Economic & Financial Market Conditions
- Navigating Your Investment Portfolio Through Volatile Markets
- Advisory Panel FAQs
- Key Retirement Plan Provisions within the CARES Act
- Financial Planning Opportunities to Consider in Challenging Environments
- Advisory Panel FAQs Continued
- Q&A Session with Busey Wealth Management Experts
- Additional Resources and Closing Remarks





Zach Hillard, CFA

EVP - Chief Investment Officer



Thaddeus Yasunaga, CFA

SVP - Investment Portfolio Manager



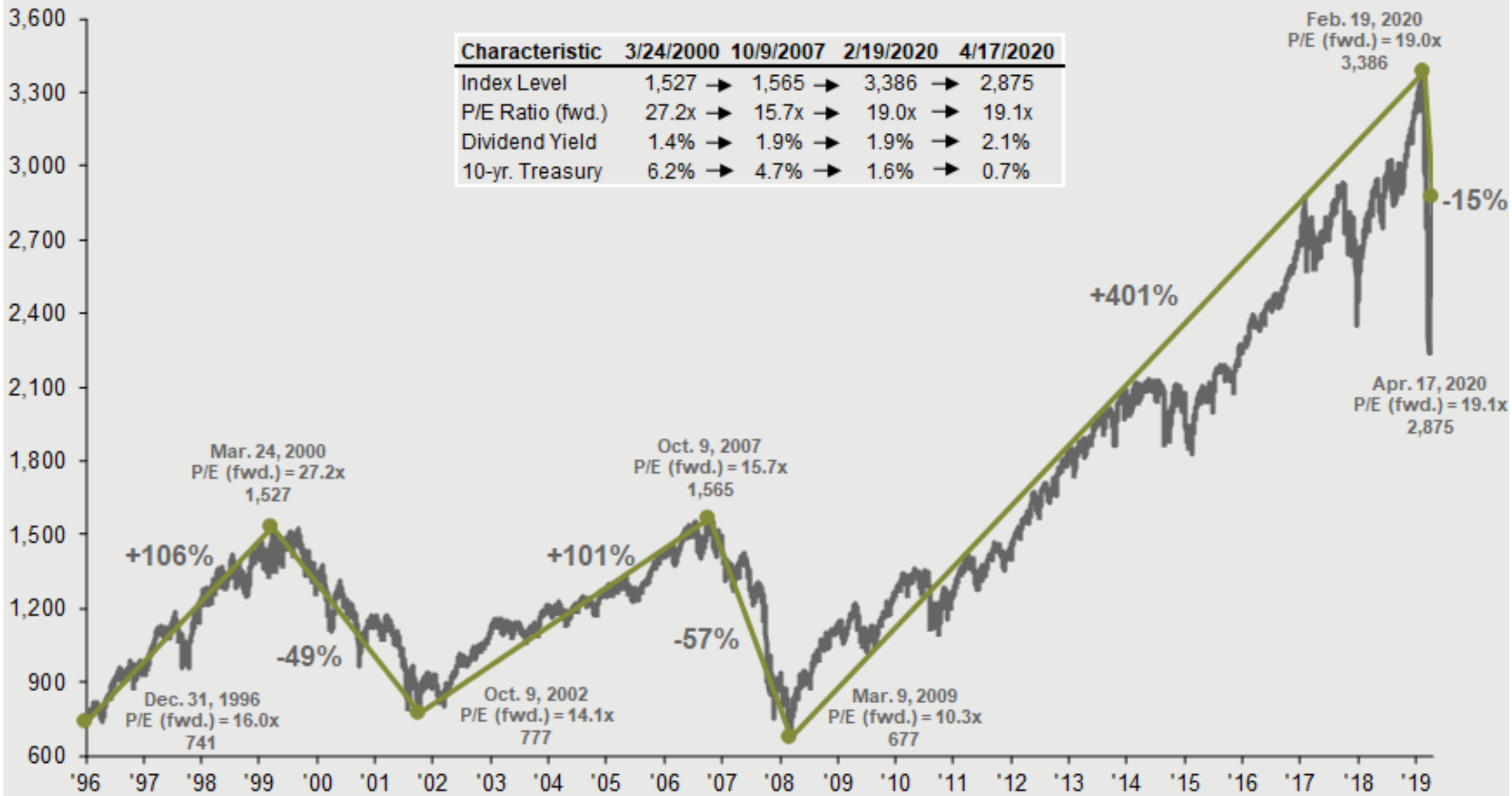


Current Global Economic & Financial Market Conditions



S&P 500

S&P 500 Price Index





Market Downturns & Recoveries

Market downturns happen frequently but don't last forever

Standard & Poor's 500 Composite Index (1950-2019)

Size of decline	-5% or more	-10% or more	-15% or more	-20% or more
Average frequency*	About three times per year	About once per year	About once every four years	About once every six years
Average length†	43 days	112 days	262 days	401 days
Last occurrence	August 2019	December 2018	December 2018	December 2018

* Assumes 50% recovery of lost value.

† Measures market high to market low.

Sources: Capital Group, Standard & Poor's.

Note: This past performance is not a predictor of future performance



Market Downturns & Recoveries Continued

S&P 500 15%+ Quarterly Drops Post WW2

Quarter	% Chg	Next Qtr %	Next 2 Qtrs %	Next Year %
Sep-46	-18.83	2.27	1.40	1.00
Jun-62	-21.28	2.78	15.25	26.70
Jun-70	-18.87	15.80	26.72	37.10
Sep-74	-26.12	7.90	31.19	32.00
Dec-87	-23.23	4.78	10.69	12.40
Sep-01	-15.00	10.29	10.23	-21.68
Sep-02	-17.63	7.92	4.04	22.16
Dec-08	-22.56	-11.67	1.78	23.45
Mar-20	-20.00	?	?	?
Average		5.01	12.66	16.64
Median		6.34	10.46	22.81
% Positive		87.5%	100.0%	87.5%

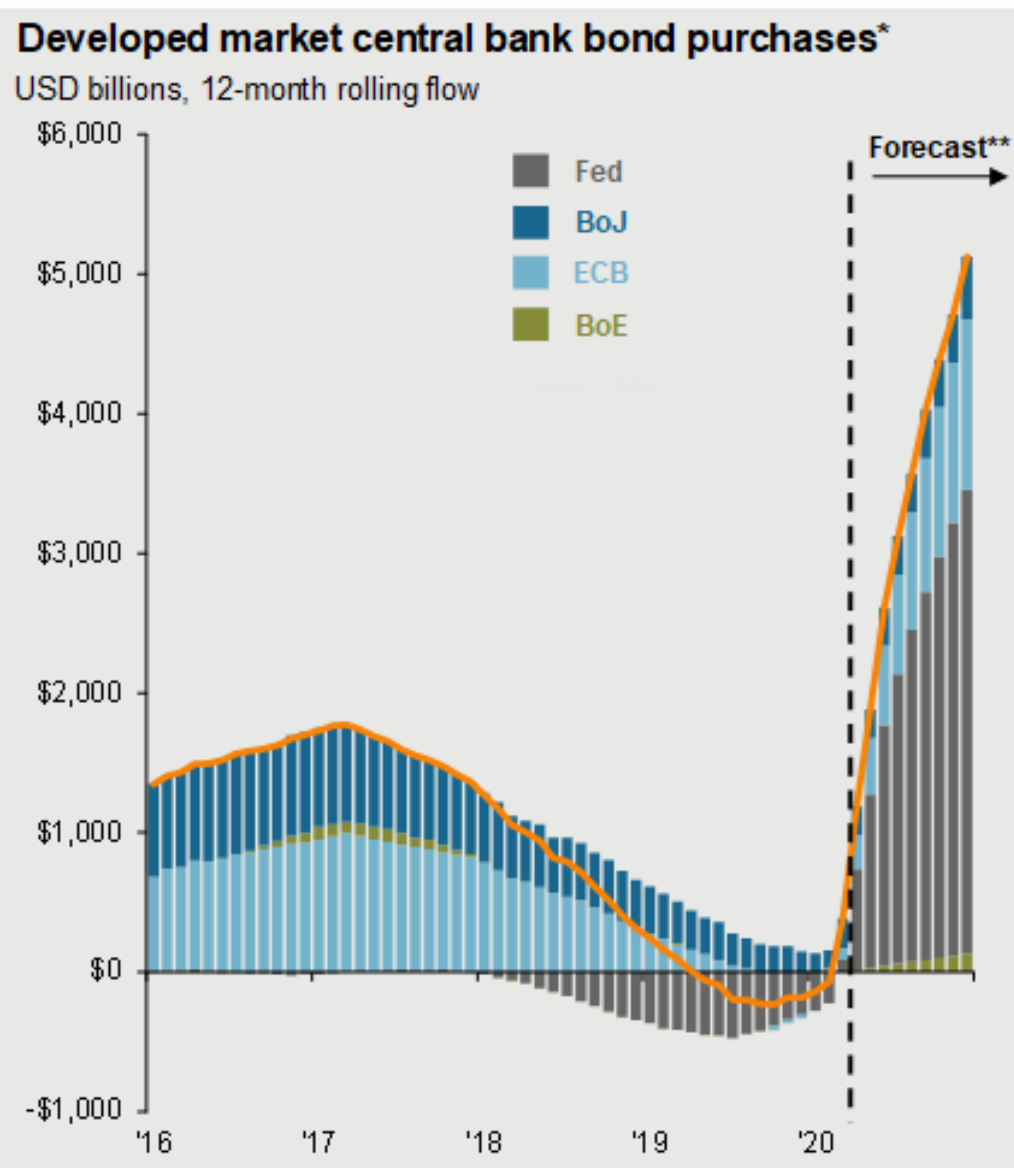


Fiscal & Monetary Stimulus

Coronavirus Aid, Relief, and Economic Security Act

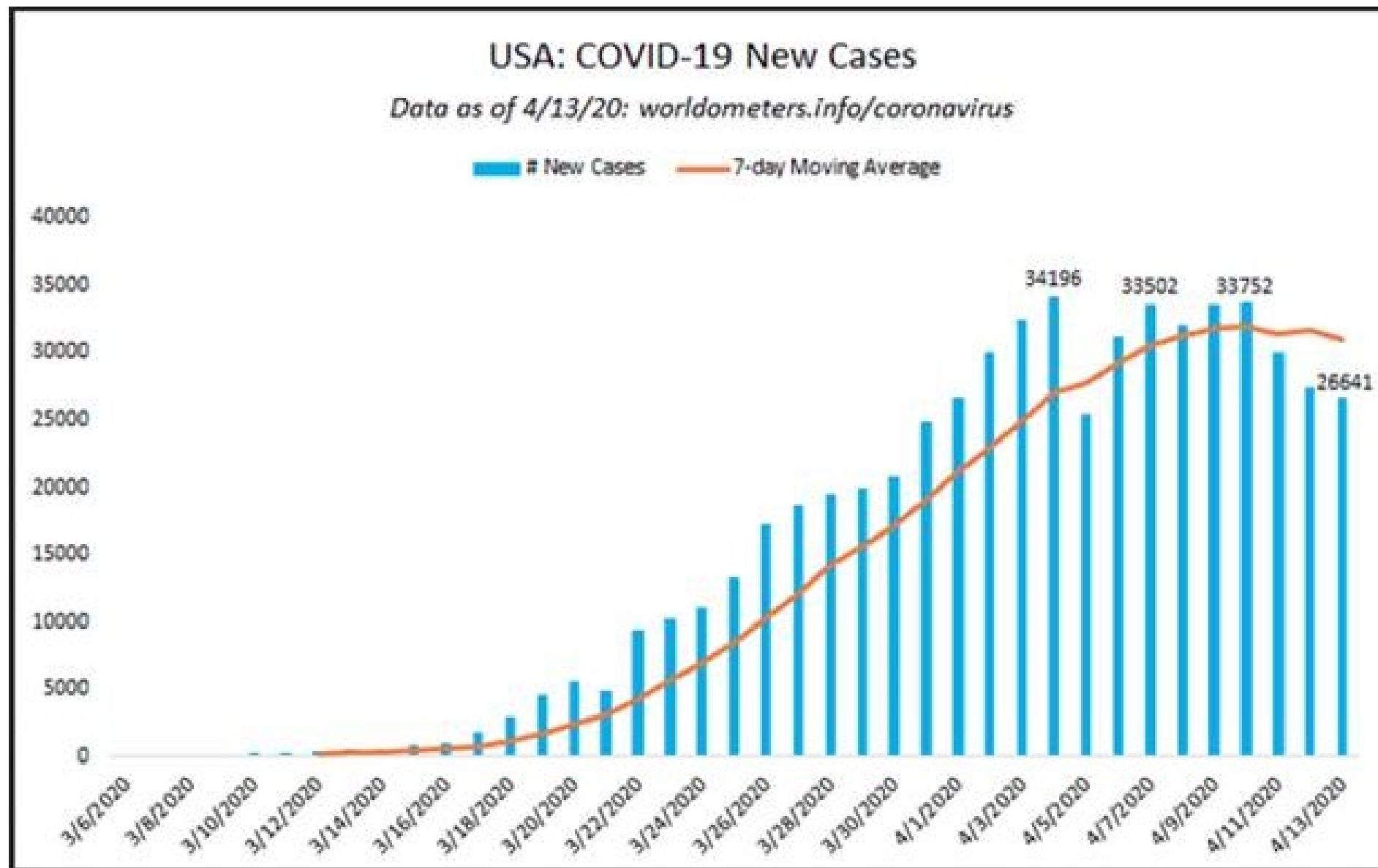
Amount (\$ bn)	Measure
\$290	One-time stimulus checks amounting to \$1,200 per adult and \$500 per child up to certain income limits
\$260	Enhanced, expanded and extended unemployment benefits, adding \$600 per week to every unemployment check for 4 months, expanding program to cover contractors and self-employed and extending program to 39 weeks from 26 weeks
\$510	Loans to distressed businesses, cities and states. Includes \$29 billion for airlines, \$17 billion for firms deemed important for national security and \$454 billion as backstop for loans to other businesses, cities and states
\$377	Small business relief, largely in the form of "forgivable loans" for spending on payroll, rent and utilities
\$150	Direct aid to state and municipal governments
\$180	Health-related spending
\$516	Other spending and tax breaks
\$2.283trillion	~10.8% of GDP

Source: J.P. Morgan Asset Management





Turning a Corner?



Recent Portfolio Changes

- Asset allocation
- Individual Stock Portfolio
- Fixed Income





Advisory Panel FAQ



Kevan Melchiorre, CFP®
SVP - Regional Managing Director,
Private Wealth Advisory



Daly Andersson, CFA
SVP - Director,
Private Wealth Advisory





Advisory Panel Question #1

“It can be difficult to have a reliable, consistent return right now due to market volatility and low interest rates. Are there other ways to earn “return” or find value in times like this when most portfolios are down?”



Advisory Panel Question #1 – Tax Loss Harvesting Example

Tax Year 2020	Tax Year 2021
<u>Loss Taken as Part of Tax Loss Harvesting</u> (\$10,000)	<u>Carry-Forward Losses from 2020</u> (\$7,000)
<u>Realized Capital Gains</u> \$0	<u>Realized Capital Gains</u> \$7,000
<u>Net Losses</u> (\$10,000)	<u>Net Losses (After Offsetting Gains w/ Carry-Forward Losses)</u> \$0
<u>Capital Loss Deduction</u> \$3,000	<u>Capital Gains Taxes SAVED</u> ~\$1,000 - \$1,500
<u>Carry-Forward Losses (After Capital Loss Deduction Taken)</u> (\$7,000)	



Advisory Panel Question #2

“Rebalancing is something that is generally recommended 1-2 times per year.....is now a good or bad time to consider rebalancing your portfolio?”



Advisory Panel Question #2

“Rebalancing is something that is generally recommended 1-2 times per year.....is now a good or bad time to consider rebalancing your portfolio?”

- Key Considerations for Determining Your Target Asset Allocation
 - Your Goals and Objectives
 - Income Needs
 - Your Time Horizons
 - Your Risk Tolerance
- Rebalancing Portfolios to Target Asset Allocation
 - Realigns portfolio with investor’s long-term goals, time horizon, and risk tolerance
 - Sell high, buy low



CARES Act Retirement Provisions



Dries Durnez
Financial Planning Specialist



Key Retirement Account Provisions within the CARES Act

- Waiver of Early Distribution Penalty
- Waiver of Required Minimum Distribution (RMD)
- Employer-Sponsored Retirement Plan Loans
- Deadline for Making 2019 IRA/ Roth Contribution Extended to July 15





Key Retirement Account Provisions within the CARES Act

Waiver of Early Distribution Penalty

- Up to \$100,000
- Have to be “qualified” individual
 - diagnosed with COVID-19; or
 - spouse or dependent is diagnosed with COVID-19; or
 - experiences adverse financial consequences as a result of being quarantined, furloughed, laid off, having work hours reduced, being unable to work due to lack of child care due to COVID-19, closing or reducing hours of a business owned or operated by the individual due to COVID-19; or
 - have other factors as determined by the Treasury Secretary
- Allowed to pay ordinary income tax on the distribution ratably over 3-year period
- Allowed to repay distribution back into plan/account tax-free over the next 3 years



Key Retirement Account Provisions within the CARES Act

Waiver of Required Minimum Distribution (RMD)

- Which ones?
 - 2019 RMDs normally due by April 1st, 2020 (for those taking RMDs for the first time)
 - 2020 RMDs from IRAs and employer-sponsored retirement plans, such as 401(k) and 403(b)
 - 2020 RMDs from inherited IRAs and beneficiaries of retirement plans
- What if already taken?



Key Retirement Account Provisions within the CARES Act

Employer-Sponsored Retirement Plan Loans

- increase of plan loan limits
 - CARES Act increases these limits to the lesser of
 - ✓ \$100,000, or
 - ✓ 100% of your vested account balance
 - ✓ amount available is reduced by highest outstanding loan balance during the previous 12 months
 - applies to loans taken within 180 days from the CARES Act's date of enactment (3/27/2020 - 9/23/2020)
- delay in loan repayments
 - any payments normally due between the date of the CARES Act and 12/31/2020 can be delayed for one year
 - interest will continue to accrue, and subsequent loan payments will be adjusted accordingly



Key Retirement Account Provisions within the CARES Act

Date for Making an IRA/Roth Contribution Extended to July 15.

- 2019 IRA and Roth IRA contributions
- 2019 Health Savings Account (HSA) contributions
- 2019 Archer Medical Savings Account contributions
- 2019 Coverdell Education Savings Account (ESA) contributions



Advisory Panel FAQ



Daly Andersson, CFA
SVP - Director,
Private Wealth Advisory



Kevan Melchiorre, CFP®
SVP - Regional Managing Director,
Private Wealth Advisory





Advisory Panel Question #3

“Deadlines were extended for IRA and Roth IRA contributions, why is this good for investors?”



Advisory Panel Question #4

“How does the RMD waiver for 2020 benefit investors?”



Q&A with Busey Wealth Management Experts

Q&A #1 with Busey Wealth Management Experts

“What is our view on investing in Real Estate Investment Trusts (REITs) during this time?”



Q&A #2 with Busey Wealth Management Experts

“With all of the stimulus going on, how do we see this being unwound?”



Q&A #3 with Busey Wealth Management Experts

“Is it a good time to buy stocks and are we near a bottom?”



Q&A #4 with Busey Wealth Management Experts

“How can I protect my portfolio right now? Should I be thinking of selling with all of this volatility? ”





Additional Resources and Closing Remarks

- <https://www.busey.com/wealth-management>
 - *Money Matters* blog
- <https://www.busey.com/financialreliefprogram>
 - Recording and PDF of this webinar presentation
- Email questions to: WMWebinars@Busey.com
- Wealth Management webinar series



Thank you!