



# JGC Wealth Management, LLC

Fee-Only Financial Planning and Asset Management

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## First Quarter Update March 31, 2021

### The Quarter in Review

What a quarter it has been. At work and play, who isn't eager for this summer to be the most awesome one ever? We're seeing similar pent-up yearnings in an array of analysts' second-quarter financial forecasts:

- "Open the Door to Optimism for 2021" — BlackRock
- "U.S. Will Be Ready for Liftoff After Mass Vaccination" — Morningstar
- "Outlook 2021: Things Can Only Get Better" — Commonwealth Financial Network
- "2021 Global Outlook: The Second Coming" — Russell Investments

A second coming? That last one may take the prize for being the most aspirational of all. Now, think back to April 2020. A year ago, fear was tempting many investors to pile into perceived safe refuge holdings, even as most markets staged remarkably strong and surprising recoveries. This year, we're seeing many of those same market players chasing all kinds of hot holdings, as they now succumb to the **absence** of fear. Consider these quarter-end headlines:

- "Institutional investors putting risk back on the table" — *Pensions & Investments*
- "Family Offices Like Archegos Take Big Risks Like Hedge Funds" — *The Wall Street Journal*
- "Robinhood Trader's Battle Cry: 'It's All Just a Game to Me'" — Jason Zweig, *The Intelligent Investor*

In its quarter-end recap, *The Wall Street Journal* summarized similar sentiments as follows:

"If there is a unifying theme to all this, it is that investors big and small showed no fear of risk-taking to start 2021. In fact, they embraced it."

























Sometimes, an extra shot of bravery is just what the doctor ordered. "No fear," you tell yourself, as you enter your first marathon. Or launch a new business. Or hug your college-bound child farewell. That said, to all things, balance. **No** fear can be at least as damaging as an excess dose. That's often true in life. It's true in investing too, where it's always best to maintain an accurate assessment of the potential risks and realistic rewards involved in any given approach.

We hope favorable markets continue. But investing is no game of chance. If you were a client of ours last April, we were honored to be by your side to remind you that your disciplined investment strategy was already in place. Your globally diversified portfolio was already structured to help you maximize expected returns while minimizing the risks involved. At the time, we encouraged you to stick to plan. Today, we encourage you to do exactly the same. Markets may run hot or cold. The scenery may be different. But your financial journey remains the same. As we enter the summer and life gets back to normal, we will be here to:

- Assess potential ramifications of the Biden tax proposals and advise you on any additional defensive tax planning that may be warranted for you in the years ahead.
- Remain by your side as you encounter whatever other challenges and opportunities 2021 has in store for you and your family.

# Market Summary

## Index Returns

	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
<b>1Q 2021</b>	<b>STOCKS</b>				<b>BONDS</b>	
	6.35%	4.04%	2.29%	6.22%	-3.37%	-1.90%
						
<b>1 Year</b>	<b>STOCKS</b>				<b>BONDS</b>	
	62.53%	45.86%	58.39%	36.05%	0.71%	1.45%
						
<b>5 Years</b>	<b>STOCKS</b>				<b>BONDS</b>	
	16.64%	8.92%	12.07%	3.52%	3.10%	3.28%
						
<b>10 Years</b>	<b>STOCKS</b>				<b>BONDS</b>	
	13.79%	5.21%	3.65%	6.23%	3.44%	4.22%
						

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net div.]), Emerging Markets (MSCI Emerging Markets Index [net div.]), Global Real Estate (S&P Global REIT Index [net div.]), US Bond Market (Bloomberg Barclays US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Barclays Global Aggregate ex-USD Bond Index [hedged to USD]). S&P data © 2021 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2021, all rights reserved. Bloomberg Barclays data provided by Bloomberg.

## **10 Questions to ask yourself about using IRA Accounts Between now and May 17<sup>th</sup> – and beyond**

Individual Retirement Arrangements, or IRA's, are sometimes overlooked when you are covered by a 401(k), 403(b), PERS, or other retirement plan, but there are several reasons to consider opening up an account separate from your employer plan. Our first rule of thumb is that you should always contribute enough to your employer plan to maximize any matching contribution from your employer. For example, if you receive a 4% contribution if you put in 5% of your pay, do that first.

After that, let's ask some questions before deciding where to put your next dollar allocated for saving:

- 1) Do you have a long time-horizon with your current employer or is a change of scenery possible soon? Having a portable plan not tied to work may provide you the flexibility to keep systematically saving even during job changes.
- 2) Does your employer plan offer a Roth option? If not, and you are younger or in a lower tax bracket, opening a Roth IRA may be a better option.
- 3) What are the in-plan investment options? Do they offer broadly diversified funds that provide exposure to international and smaller capitalization stocks?
- 4) Are the fees reasonable?
- 5) Does your plan offer loan options or hardship withdrawals? While pulling money from retirement funds before you end work generally should be considered a last resort, sometimes the flexibility and access to IRA accounts can be useful.
- 6) Are you saving for a first-time home purchase or potential college expenses?
- 7) Do you have more cash flow that you can dedicate to saving than your employer plan will allow?
- 8) Is it late in the year (or after year-end) and you can't get enough deducted from your paycheck to fully fund for the year? Or is it not a safe harbor plan that may require you to take funds out if not enough co-workers contribute?
- 9) Would you and your spouse benefit from doubling up the Retirement Savings Credit on your tax return by setting up a spousal IRA for them?
- 10) If you are working for a public agency or an employer that only offers a defined benefit plan, do you want a portable savings account in case you do not work there until retirement age?

These are just a few reasons that you might want to consider opening up an IRA account for yourself. And of course, if you are a parent, grandparent, aunt or uncle to a hard-working young adult just entering the workforce, you might want to help them get a jump start by opening an account and implementing your own "matching program" for them.

You must have "earned income" – which means a W2 wage or self-employment income. There are certain limits for making contributions that are tax deductible or for Roth contributions.

Until May 17<sup>th</sup>, you can open a traditional or Roth IRA and fund it for 2020 (and of course, start funding for 2021). We can help you determine which account would be better based on your situation, goals, and features of your employer plan.

### **Live Updates via Web Event**

We are continuing to have virtual "market updates" on a monthly basis. Our next update will be May 25<sup>th</sup> at 7:00 p.m. We plan on addressing some of the most common questions we are receiving from clients, and give some updates on tax and other changes as well. Please register by sending an email to [info@jgcwealth.com](mailto:info@jgcwealth.com), along with any questions you might have.

### **Quarterly Reports**

Enclosed are the reports on your portfolio for the quarter ending March 31, 2021. If you want to discuss your portfolio, have had changes in your financial situation, or have any other financial concerns or questions, please call us.

The information presented is provided in good faith without any warranty and is intended for the recipient's background information only. It does not constitute investment advice, recommendation, or an offer of any services or products for sale and is not intended to provide a sufficient basis on which to make an investment decision. Before taking any action, we recommend that you seek professional advice from subject matter experts who can assist you with your specific situation and needs.

### **Annual Disclosure Offering**

As a registered investment advisor, we are required to provide you an annual notice regarding administrative matters. Our Form ADV Part 2 underwent the last annual update on March 9, 2021.

You may request an updated ADV Part 2 brochure by calling (503) 304-9248, emailing [info@jgcwealth.com](mailto:info@jgcwealth.com), or sending a request by mail to 3085 River Road N., Salem, OR 97303. Our privacy policy and updated ADV Part 2, as well as the Form ADV Part 2 brochures from the third-party asset management and subadvisor firms we work with, can be downloaded from this page on our website: [jgcwealth.com/resources](http://jgcwealth.com/resources).

Summary of Material Changes:

- 1) Item 4 was updated to remove Larry R. Glaze as a Principal Member of the firm.
- 2) Item 5 was updated to reflect an updated fee schedule for Retirement Plan Consulting services when using Retirement Plan Consultants, LLC or other recordkeeping and plan administration companies.
- 3) Item 8 was updated to provide information regarding REIT investments that may be recommended for the overall investment strategy for clients.
- 4) Item 11 was updated to further clarify how we address conflicts of interest as a part of our Code of Ethics.