



FINANCIAL FOCUS:

A Pegasus Newsletter[©]

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Dear friends, as I sit in my home office reflecting upon the last two months, I find it hard to produce the appropriate words to begin our quarterly newsletter. We at Pegasus hope everyone is weathering these difficult times as best as possible and our thoughts and prayers go out to all those who are suffering at the hands of this global pandemic. We will endure, learn and change, and once again be reminded of the amazing resilience of the United States and the human race.

By Rodd Berro

One Rough Quarter

Lowering concerns over tariffs and US / China relations and the continuing faith in the US consumer rapidly faded in the face of the growing Covid-19 pandemic. What started out as another positive stock market year quickly deteriorated into the worse quarter in 12 years. The S&P 500 closed at 2584.59 posting a 20% loss for the quarter, while the Dow Jones Industrial Average closed at 21917.16 down 23.2%. The Nasdaq Composite finished at 7700.10 for a 14.2% loss.

Crude oil plummeted both on reduced demand and a price war between Russia and Saudi Arabia. WTI crude closed the quarter at \$20.48 per barrel down a remarkable 66.46% for the quarter. Natural gas also fell 25.1% for the quarter to \$1.64 per MMBtu.

Gold, often considered the safe haven in difficult times, closed the quarter at \$1,583.40 per troy ounce up 4.71% for the year. The relatively small gain for the precious metal shows the extent of the economic uncertainty as the United States currency became the most desired place to hide.

The Federal Reserve made two emergency rate cuts in March bringing down the Federal Funds rate to the 0%-0.25% range last seen during the financial crisis.

Unemployment claims for the last two weeks of March totaled nearly 10 million which represents roughly 6% of the American workforce. The speed of these losses is unprecedented. During the great recession the economy lost 15 million jobs over an 18-month period.

Resources to Help

-The US Small Business Administration (SBA) in consultation with the Dept. of the Treasury, is providing disaster assistance in response to the Coronavirus, including the Paycheck Protection Program and other loans. For more information visit <https://www.sba.gov/funding-programs/disaster-assistance> If your current banking relationship is not able to handle a SBA loan request, please contact our office for assistance.

-Pandemic Unemployment Assistance extended eligibility for individuals who normally are ineligible for unemployment assistance, such as independent contractors, self employed workers, part time workers, etc. To learn more, visit your state's Department of Labor website.

-The US Dept. of Education explains the relief provided for federal student loan borrowers. Visit <https://studentaid.gov/announcements-events/coronavirus> for details.

-The IRS will be issuing specific guidelines in the coming weeks about the changes made from the CARES Act. Visit <https://www.irs.gov/coronavirus> or contact your accountant for personalized tax advice.

(over, please)



CARES ACT

The Coronavirus Aid, Relief and Economic Security Act provides financial relief to individuals and businesses affected by COVID-19. Some highlights of the CARES ACT include:

RMD: Required Minimum Distributions (RMD) from retirement accounts are suspended for 2020. This includes IRAs, Inherited IRA's, and 401ks, it does not include Defined Benefit Plans. The RMD suspension is not retroactive; however, you can rollover prior 2020 distributions within 60 days from the date it was withdrawn. Please contact our office if you would like to suspend your 2020 RMD.

EARLY WITHDRAWALS: The 10% penalty tax is suspended for early withdrawals from retirement accounts for coronavirus-related purposes. Up to \$100,000 can be withdrawn, normal tax rules still apply, however taxes can be paid over the course of 3 years. Alternatively, you can roll the distribution back into the retirement account over the 3 years.

DIRECT PAYMENTS: Some taxpayers will receive a one-time payment of \$1,200 (\$2,400 for married couples), plus \$500 per child. For individuals with incomes over \$75,000 (\$150,000 for married couples) the payment amounts are reduced. Taxpayers with higher income are ineligible for the one-time payment.

UNEMPLOYMENT BENEFITS: Increases benefits and expands eligibility. Offers an additional \$600 a week for up to four months.

PUBLIC HEALTH & BUSINESS SUPPORT: \$117 billion for hospital, community and private health systems; \$500 billion in business support

OTHER CHANGES:

- Student loan payments suspension
- Real ID deadline delayed until October 1, 2021
- Protections against foreclosures and evictions
- 2019 Tax Return filing extended to July 15, 2020



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Exclusive of charts

Contact Information Changes?

New cell phone # or email address?

Be sure to update your contact information with our office.

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