



# FINANCIAL FOCUS:

## A Pegasus Newsletter<sup>©</sup>

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**D**ear friends, the second quarter of 2020 proved to be more of the old normal than the new normal as major indexes rebounded firmly off their March lows. Oil also rallied and interest rates remained at historic lows. The federal reserve and the government seem ready and able to help support the economy until it is ready to support itself. The old axiom of “don’t fight the Fed” seemed as apt as ever.

By Rodd D. Berro

### CLIMBING A WALL OF WORRY

What a difference a quarter makes! After the S&P 500 hit a bottom on March 23rd, down 30.75% for the year, it has continued to climb the proverbial wall of worry, rising 20% in the second quarter to be down only 4% for the year. The Dow Jones rose 17.8% for the quarter ending down 9.6% for the year, while the tech laden Nasdaq ballooned 30.6% in the second quarter finishing the first half of the year up 12.1%. Expectations of another fiscal stimulus from the government in excess of 1 trillion dollars continues to supply support to the equity markets. Positive employment numbers for May and June, gains of 2.7 million and 4.8 million respectively, also added to the optimism on Wall Street.

Crude oil closed at \$39.27 per barrel down 35.69% for the year, while Gold ended the quarter at \$1,793 per ounce, up 18% for the year. The 10-year US Treasury interest rate ended at .655% on June 30th which translated to an average 30-year fixed mortgage rate of 3.30%, while the 2-year Treasury clocked in at a lowly .152%.

With cases of Covid-19 rising throughout the US and the election now only 4 months away, the unusual volatility of the markets is likely to continue.

### IRAs & RMDs

With the passage of the SECURE Act and CARES Act, there have been several changes to IRA contribution & distribution rules. See below for some highlights. Be sure to contact your tax professional before taking any action on this information.

- The 2019 IRA contribution deadline is July 15, 2020. Please contact our office immediately to make a 2019 contribution. The annual IRA/ ROTH IRA contribution limit for 2019 and 2020 is \$6,000, or \$7,000 if you’re age 50 or older; or your taxable compensation for the year if less than the above.
- New for 2020, there is no age limit on making regular contributions to traditional or Roth IRAs if you have taxable compensation.
- Your Required Minimum Distribution (RMD) is the minimum amount you must withdraw from your account each year at a certain age. Prior to 2020, the RMD age was 70½ years old. Due to changes made by the SECURE Act, if you reach the age of 70½ after December 31, 2019, then your RMD age is now 72 years old.
- The CARES Act allows RMDs from retirement accounts to be suspended for 2020. This includes IRAs, Inherited IRAs, and 401ks, it does not include Defined Benefit Plans. Please contact our office if you would like to suspend your 2020 RMD.
- Under the CARES Act Waiver, the IRS recently announced rollover relief for RMDs from retirement accounts. You can now rollover (re-deposit) previously distributed 2020 RMDs until August 31, 2020 (see IRS Notice 2020-51). Please contact our office by mid-August if you would like to rollover your 2020 RMD.

(over, please)



## Numbers Talk

Personal Savings rate as a % of income for 2019.....7.6%

Personal Savings rate as a % of income for April 2020.....33%

Average occupancy rate for hotels in New York City in 2019.....90.7%

Average occupancy rate for hotels in New York City in 2020.....46%

Jeff Bezos' estimated wealth in billions for March of 2020.....115

Jeff Bezos' estimated wealth in billions for June of 2020.....160

## Form CRS Notice

The Securities and Exchange Commission adopted rules that require registered investment advisers to file Form CRS by June 30, 2020. Form CRS is a customer relationship summary designed to enhance the quality and transparency of an investment advisers relationship with its retail investors. Pegasus Asset Management, Inc.'s Form CRS is available by using the search tool located at [Investor.gov/CRS](http://Investor.gov/CRS) or on our website at [www.pegasusassetmgt.com/disclosure/](http://www.pegasusassetmgt.com/disclosure/).

In our efforts to communicate more efficiently with clients, we are excited to announce the launch of our new client portal, which will be available towards the end of the month. At that time, clients will receive a separate email with additional information regarding the portal.

Form CRS will also be made available through the portal.



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Exclusive of charts

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