Foresight
Capital Management Advisors, Inc.

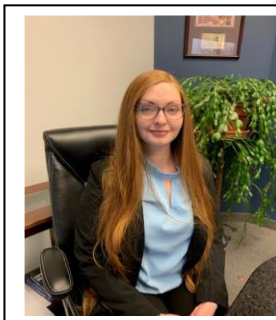
Newsletter 2Q 2021 & Market Summary

The U.S. economy has entered the Recovery Phase of a new growth cycle which should last the next 7-10 years. However, the growth will not be in a straight line upward and will have fits, starts, and setbacks as it moves forward. It is called a "Bunny Hop" economy, according to Liz Ann Sonders, of Schwab in a recent market update held April 4, 2021. The last two weeks of March was one of those brief setbacks as the bond market 10-year interest rates raced up to 1.75%! This shock caused the bonds to pull back -3.37% which overcompensated for the raise in interest rates. The Foresight Model results were impacted and your March 31, 2021 returns are flat year to date because of this bond anomaly. This has since subsided and the April returns are back on a normal climb so we have attached both March and April returns to compare. We do not expect these interest rates to continue to affect the market as negatively as it did in March and we expect the GDP growth of +6% to carry the overall market to decent growth for 2021. The Foresight Mutual Fund Models as of March 31, 2021 are as follows: Conservative + 0.17%, Moderate -0.11%, and Aggressive -0.26%.

Please welcome our newest employees and ask us about the Foresight Business Exit Planning service, a new service for small businesses.

Welcome our newest employees at Foresight

Dillon Schroeder
Financial Analyst
EMU BBA-Finance



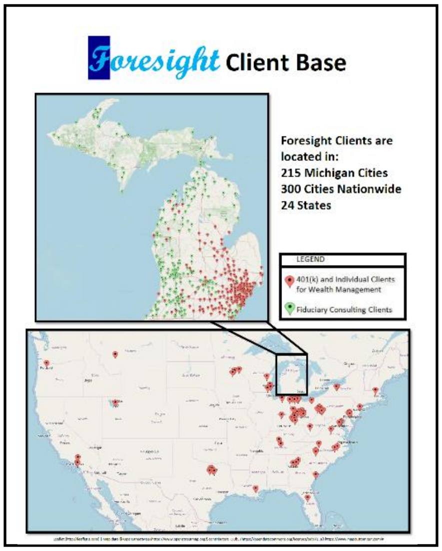
Jessica Sandusky
ParaPlanner/Assistant Financial Analyst

Derek McComas
Intern Financial Analyst
Concordia College BA

Amina Mukhametshina
College Intern MBA, Eastern Michigan University

PEP-Pooled Employer Plans: Foresight now offers 401(k) plans for small businesses under the new SECURE Law that introduced PEP Plans to all small businesses. No matter what size your company is, with employees from 1 to 100, can join a PEP plan and offer 401(k) savings limits to your company employees! The PEP offers economy of scale and keeps the cost extremely reasonable for all members of the PEP. Please call us today for more information on how to join the new PEP 401(k) plans and offer your employees a new benefit!

HSA-Health Savings Plans: Foresight now offers HSA investment plans with debit cards and investment growth for your health care savings accounts. Most employers are now offering HSA plans with your HDHP health benefit plans to keep costs reasonable, but the HSA plan attached to the benefit usually does not allow for investment of the HSA account and the funds just set in a bank account. The Foresight HSA can be opened, in addition to your employer HSA, and allows you to invest your excess HSA in our Foresight Models just like we have for our 401(k) plans or mutual funds clients. Contact us for more information, 877-429-4690.



FCMA Mutual Fund Model Returns
Mar 31, 2021

Conservative Model	+ 0.17%
Moderate Model	- 0.11%
Aggressive Model	- 0.26%

<u>Indexes:</u>

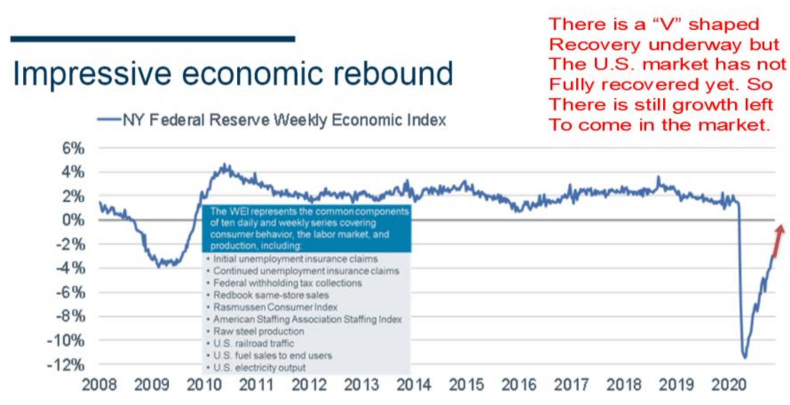
S&P 500 Index	+ 6.17%
MSCI EAFE Foreign	+ 3.60%
10Yr T-Bond Index	- 3.37%

Future performance is not guaranteed; above returns are total return with reinvestment of dividends, interest, capital gains, and shown net of fees.

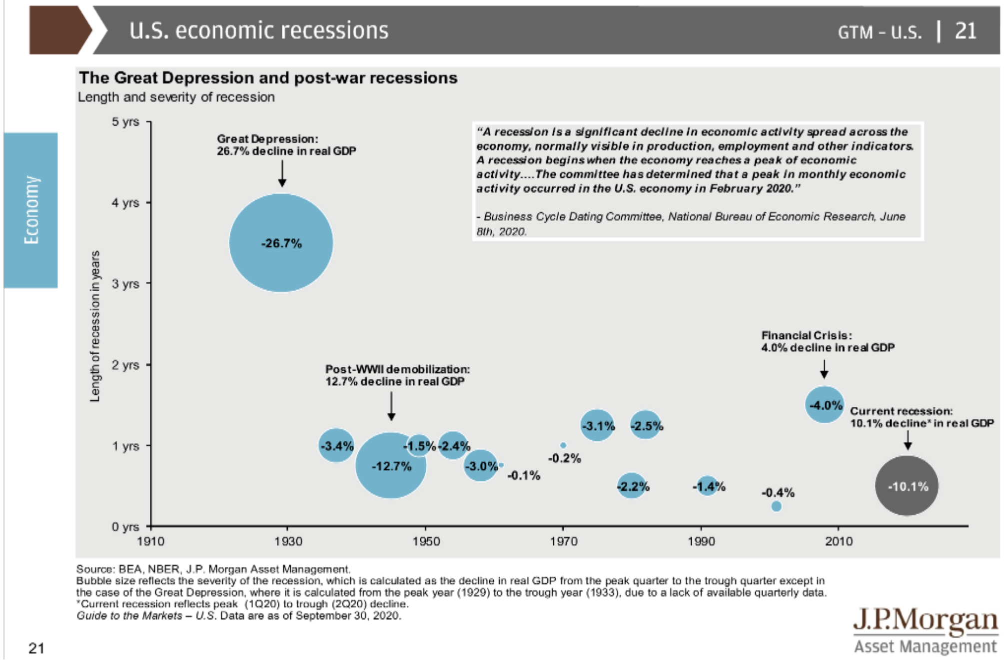
Foresight's Outlook and Portfolio Strategies

The 1Q 2021 certainly had its "Bunny Hop" start with the last two weeks of March retracting most of the quarters gains to date, in the Foresight Model returns, due to the interest shock that happened with the 10-year interest rates spiking up to 1.75%. The Federal reserve does not expect to raise short-term interest rates until 2023 and according to Jay Powell will let the economy run hot to induce inflation and help get America reopened after Covid. The inflation is expected to hit 2.2% in 2021 which we all will feel in price increases for every aspect of our lives. This should help wages raise over time and give most businesses a chance to get back on their feet. The GDP is expected to reach 6.5% in 2021 which is a complete about face from a year ago when the GDP plummeted -10.3% in March of 2020. The Biden Administration has announced several initiatives to further household stimulus, infrastructure, and tax reform. These will likely have some market impacts as the news becomes reality and law.

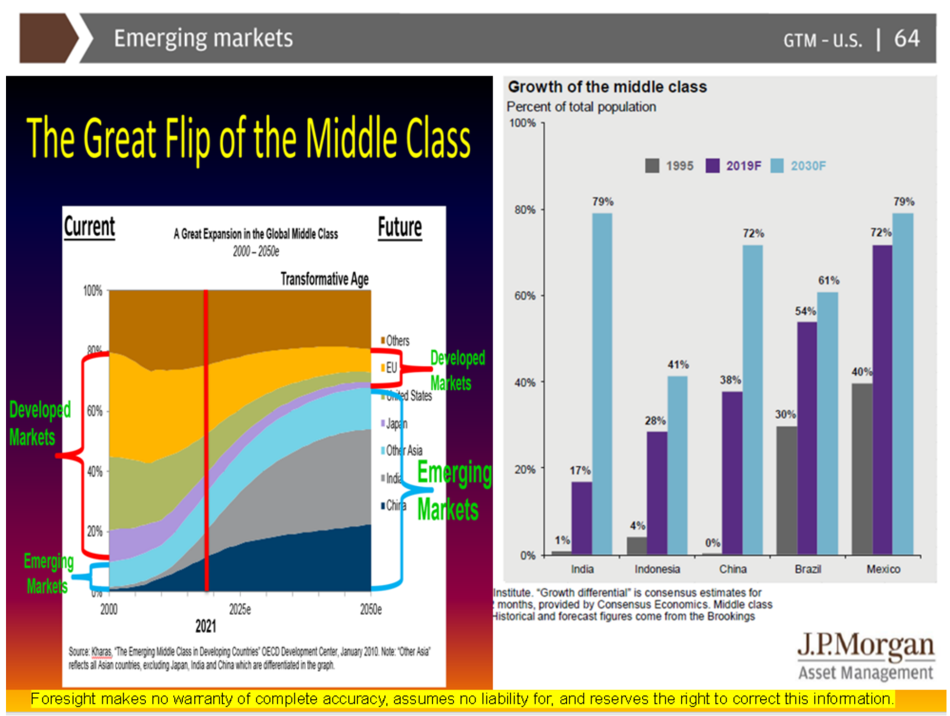
Therefore, the "Bunny Hop" economy is something that will need to be navigated for 2021. The good news is the vaccinations have reached 220,000,000 U.S. citizens, according to CNN stats as of April 24, 2021, and stomping out or at least handling Covid with few deaths is within reach! This picture of the bunny says it all, to describe the economy and the Covid we still are dealing with in our daily lives. The new growth trend America is entering is expected to continue over the next 7-10 years. The Schwab chart above,



shows the "V shaped" recovery the U.S. has endured since the Covid recession a year ago. Notice on the far right the market has not quite regained all it lost in the recession and has more growth to gain to get back to the trendline. According to Michael Arone, State Street Global Investments, the trend in investing use to be RO RO=risk on risk off, but now he sees it as GO GO=growth on growth off. Thus far Value is outpacing growth for 2021. The Foresight portfolios have transitioned from growth to value during the 1Q of 2021. Clients in our stock portfolios have seen the value grow tremendously with the Foresight stock model returns ranging from +3.95% to +9.56% through March 31, 2021. Ed Yardeni, in a tweet April 25, 2021, said MAMU here we come! In his latest book, ***The Fed and the Great Virus Crisis***, He predicts the MMT+TINA=MAMU, where MMT= Modern Monetary Theory, TINA= there is no alternative to stocks, and MAMU= the Mother of all Meltups.



Although short in duration, the Covid-19 recession has gone down as the third deepest recession in history in terms of GDP contraction (see the dark grey dot to the left), only trailing the post-WWII decline and the Great Depression. The U.S. GDP is expected to reach +6.5% in 2021, according to the latest estimate from the Federal Reserve. Unemployment has dropped to 6.0% but inflation has risen to 2.6%. Inflation is expected to rise in 2021 as federal stimulus pumps into the economy and prices rise. However, long term inflation is expected to level out at 2%.



Foresight sees opportunity in foreign emerging markets over the next 10 years due to the huge growth of the middle class. Countries like India and China are expected to double their middle class over the next 10 years, after already growing at an exponential rate over the last

15 years. This will lead to more opportunity from an investment perspective as these countries grow their economy and work force. Foresight has added to Emerging Markets and Foreign investments and will continue to add to this investment as this unfolds.

The Covid 19 vaccines have arrived! Now 220 million have been vaccinated in America. Hope is now within reach to control Covid. In the meantime, social distancing and mask wearing will be with us for some time. So, we need to be as safe as possible about our loved ones and our lives, until safer days abound.

Foresight has moved the portfolios into their normal post-recession risk level allocations to seize the growth opportunities occurring in the recovery phase of the market. Broad diversification favoring value is the focus of all the Foresight portfolios at this time. We see opportunities in commodities, financials, technology, foreign and emerging markets, U.S. small and midcap stocks, U.S. large value stocks, convertible bonds, floating interest rate bonds, and TIPS. For Individuals who have personal portfolios with Foresight we continue to monitor the stock portfolios weekly and have stop-losses on most double-digit gains within the stock portfolios. All of the Foresight value stock holdings have returned to favor in 2021 showing the most growth in the 1Q 2021. Foresight has crossed another milestone and has grown to $200 million of assets under management. We thank all our clients for making this milestone an achievable accomplishment!

Foresight Planning Ideas

PEP-Pooled Employer Plans: Foresight now offers 401(k) plans for small businesses under the new SECURE Law that introduced PEP Plans to all small businesses. No matter what size your company is with employees from 1 to 100 can join a PEP plan and offer 401(k) savings limits to your company employees! The PEP offers economy of scale and keeps the cost extremely reasonable for all members of the PEP. Please call us today for more information on how to join the new PEP 401(k) plans and offer your employees a new benefit!

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IRS Contribution Limits few Increases for 2021: *The IRS just release their new 401(k),403(b), and 457 savings limits for 2021 and will remain the same at $19,500 deferral max and for 50+ $26,000 deferral. Total Savings limits for deferral, match and profit sharing will rise by $1k up to $58,000. IRA limits remain the same at $6,000 and if age 50+ $7,000. HSA limits rise for single $50 up to $3,600 and for family up $100 to $7,200 and if 55+ up to $8,200.*

RMD's required minimum distributions are restated for 2021. It is required if you are age 72+ that a RMD is taken from all your pre-tax IRA's and retirement accounts. Please contact us if you have questions or would like us to help you to set this up from your accounts.

Charity Write offs increase in 2021: Every taxpayer in 2021 will get a direct charity tax write off which increases to a $600 write off for all joint filers in 2021. This is an increase over the $300 limit for 2020. So encourage giving at this time of need because Uncle Sam is giving you a tax benefit to do so!

Paycheck Protection Program: Has rolled out a second PPP loan program if a company has encountered a reduction in revenue of at least -25% for a quarter in 2020. Additionally, the first PPP loans have the 3508 forgiveness forms now available. The new form 3508S just became available for loans <$150k, which is an abbreviated forgiveness form. The AICPA is encouraging you to contact your lender for specifics regarding your loan and loan forgiveness if you received a PPP loan.

SECURE ACT 2019: The recently passed SECURE Act has led to many changes in the retirement landscape. Most noticeably, the RMD required beginning date age for individuals turning 70 ½ after 12/31/2019 has changed to 72 years old. In addition to the later required RMD beginning date, individuals can now continue to contribute to an IRA passed 70 1/2 if they have working wages. However, a trade-off of the SECURE Act is that non-spouse beneficiaries of IRA's (inherited IRA's) must now distribute the entire account balance by the end of the 10-year period preceding the passing of the individual they are inheriting the IRA from. Another addition from the SECURE Act is that part-time employees now have easier access to participating in their company's retirement plan by working either 1,000 hours a year or by working at least 500 hours for three consecutive years. Please visit https://www.congress.gov/bill/116th-congress/house-bill/1994 for more information.

CEPA- Certified Exit Planning Analysis Services: Foresight is now certified to provide exiting planning valuations for businesses and owners. Our firm is also prepared to assist with implementing business improvements to assist with increasing the value of your business prior to an exit or retirement. If you are interested, or know of someone who is interested, in pursuing services in this area please reach out to Foresight at 877-429-4690.

Do you have a Letter of Instruction at Death with your Estate documents? This is the most neglected document in planning according to a recent training we attended from Walter Haig. The LID=Letter of Instructions at Death needs to include the following: Funeral arrangements (transport of body, prep of body, disposal of body, obituary, and ceremony) Contact List, a list of Passwords/Pins, Cell Phone Password, Care of Pets, Disposition of Personal Property to prevent heirs from removing stickees and taking family heirlooms. The LID document is usually missing from normal estate documents which should include a will, trust, durable POA, health directive, and general POA. We recommend you add a LID to your estate documents because it will finish out all your final planning.

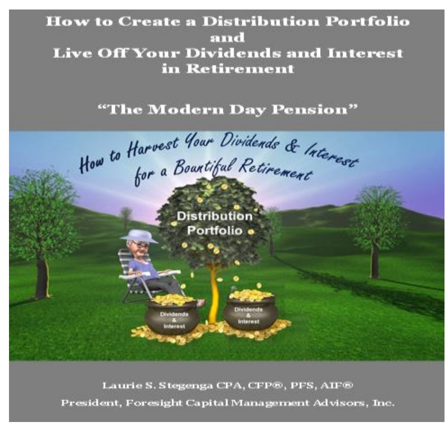
Millennials: are turning 40 this year. Millennials are now the largest % of the population, the most educated, and the most diverse group. This group will continue to drive the market and economy for years to come as they enter their highest earning years. Foresight has expanded our Speculative Portfolio which invests in future growth areas of the market. This portfolio is not for everyone, but especially millennials who have many years to let a portfolio grow, may find this a great opportunity. If you are interested in learning more about this please email us at consultant@fcmadvisors.net.

Consolidated Reporting-Do you have accounts outside of Foresight that you would like to see all in one place? We can help you get consolidated reporting! Sign up for By All Accounts which is a consolidating reporting company that will allow all your accounts to be reported with your Foresight accounts. Contact us at 877-429-4890 and ask for Justin or Jessica and they will help you complete this.

New Fiduciary Vetted Annuities are now available at Foresight: The NAPFA organization has worked to create a series of annuities that Foresight, a fee only registered investment advisory firm, can continuously rebalance quarterly in no-load mutual funds. Additionally, these annuities can be used over joint lives of the spouses and any remainder funds can be inherited by the estate heirs. Annuities are not for all investors, but if you are interested in learning more please contact Foresight because some of these annuities grow between 4%-5.5% over the next 10 years, which will nearly double the investment during this time. Contact us at 877-429-4690 for more information.

Foresight Whitepaper 2nd edition released January 2021

Foresight is pleased to announce our newest published piece which details the key steps of how to invest your portfolios for retirement! Most people work all their lives saving money in their employers' 401(k), 403(b), and 457 plans. When they are nearing retirement, they do not realize it is best to transform these portfolios from mutual fund portfolios into distribution portfolios! The reason for doing this is the key message of our latest white paper titled, "The Modern Day Pension – How to Create a Distribution Portfolio and Harvest Your Dividends and Interest for a Bountiful Retirement".



HSAs with Foresight: Foresight now offers HSA accounts for your Company or Individual HSA savings. An HSA with Foresight will allow you to choose the same 3 Model portfolios of risk either Conservative, Moderate, or Aggressive. If you have a High Deductible Health Plan then you can consider opening an HSA = Health Savings Account with Foresight. The HSA savings are not subject to Federal Tax and will grow, much like a Roth IRA, with no tax due if used for all qualifying health expenses, note cannot be used to pay health insurance premiums. If you are interested in more information on this strategic investment idea for your healthcare savings please contact us.

Roth 401(k)'s should be rolled to an IRA before age 72: it is wise to roll these funds to a Roth IRA before you turn 72 because if the Roth funds are left inside a 401(k) they must take RMD (required minimum distributions) just like the pre-tax funds which defeats the purpose of letting the Roth grow! However, if you roll it over into a Roth IRA before 72 then you do not need to take the RMD from the Roth IRA. This is a very important hint to remember!

Roth IRA Ideas: If interested in additional savings ideas consider opening a Non-deductible IRA. This will allow you to save the maximum in your 401(k) and also save an additional $6k in a Non-deductible IRA, and $7k if age 50+. Then convert the Non-deductible IRA to a Roth IRA! It is a way to obtain a backdoor Roth IRA funding even if you are not able to save directly into a Roth IRA. Additionally, ask if your 401(k) allows for additional after-tax contributions. If so then you can add to the after-tax contributions and consider rolling them out to an IRA where you can do a conversion to a Roth IRA. This is another form of backdoor Roth!

On-line Access: Each year we encourage everyone to test your on-line access to your account(s) at the custodian or third-party administrator for your plan. Please visit Journeyrps.com, Noblepension.com, or Sentinelgroup.com retirement participant. For individual clients at TD Ameritrade access Advisorclient.com for Schwab Institutional Clients access Schwaballiance.com. To access your web portal for individual accounts, go to https://fp.morningstar.com. If you have any difficulty accessing your account, please email or contact us.

Foresight has MOVED our office!

Our new address is:

Foresight Capital Management Advisors, Inc.
1205 Industrial Drive
Saline, MI 48176

We just moved around the corner in the same industrial park
In Saline, Michigan! See our new building entrance to the right.
Please update your records with our new address.

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2Q21 Newsletter

Market Update

(all values as of 03.31.2021)

Stock Indices:

Dow Jones	32,981
S&P 500	3,972
Nasdaq	13,215

Bond Sector Yields:

2 Yr Treasury	0.16%
10 Yr Treasury	1.74%
10 Yr Municipal	1.08%
High Yield	4.42%

YTD Market Returns:

Dow Jones	7.76%
S&P 500	5.77%
Nasdaq	2.78%
MSCI-EAFE	2.83%
MSCI-Europe	3.52%
MSCI-Pacific	1.72%
MSCI-Emg Mkt	1.95%
US Agg Bond	-3.37%
US Corp Bond	-4.65%
US Gov't Bond	-4.28%

Commodity Prices:

Gold	1,709
Silver	24.48
Oil (WTI)	59.64

Currencies:

Dollar / Euro	1.17
Dollar / Pound	1.37
Yen / Dollar	110.19
Dollar / Canadian	0.87

Macro Overview

The prospect of resurgent inflation has developed into a growing concern for markets globally. Some believe that current inflationary pressures may be transitory and not lasting, while others contend that higher prices may become more permanent.

Rising fiscal deficits along with increasing levels of federal debt are prompting the administration to explore the most significant tax hikes since 1993. Tax increases are being considered for corporations, businesses structured as pass-through entities, estate taxes, and capital gains.

Optimism surrounding a third round of stimulus payments along with rising vaccination rates fueled equity markets in March as an economic revitalization began to take hold. Major equity indices ended the quarter positively as companies saw a resurgence in activity and sales.

The pandemic has brought about modifications and changes to business models throughout numerous industries, many of which are passing along higher costs to consumers. Many of the higher cost trends are not being recognized by some government inflation gauges and not accounted for in forecasts. The suggestion that inflationary pressures are only temporary are being contested as a growing number of businesses are expected to make pricing changes permanent.

The IRS announced that it is extending the tax filing deadline to May 17th, allowing tax payers more time to assess the effects of COVID related changes for individual and small business filers. With the IRS extending the deadline, nearly all states will follow suit and extend the tax deadline to May 17th as well, but most are maintaining the due date of April 15th for estimated tax payments.

In addition to stimulus payments, the $1.9 trillion bill passed in March, known as the American Rescue Plan Act of 2021, will provide an exemption on taxes paid on unemployment benefits up to $10,200. The IRS communicated that automatic refunds would be issued to those who have already filed their 2020 taxes and have paid taxes on unemployment last year.

A $2.25 trillion infrastructure plan introduced by the administration is expected to focus on transportation, cleaner water, high-speed broadband and manufacturing. An increase in corporate taxes is the primary source of funding the proposed plan.

Many economists believe that the third stimulus aid package may be excessive and inflationary, simultaneously being issued as economic activity is reigniting in parts of the country. Thus far, the total amount of the three stimulus bills combined since the pandemic began is over $5 trillion.

The rapid rise in mortgage rates since the beginning of the year has led to a slowdown on refinances nationwide. The 30-year fixed rate mortgage reached the highest level in over nine months at 3.17% as of March 25th, yet still at historical lows relative to the 50-year average for a 30-year fixed mortgage rate of 7.88%.

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ACTUAL CONSUMER EXPECTATIONS FOR INFLATION ARE ABOVE 3%

Markets Gained On Optimism – Equity Overview

Optimism deriving from continuing fiscal and monetary stimulus efforts in addition to vaccination progress, drove equites higher in the first quarter. Major equity indices moved higher with the energy, financial and industrial sectors leading in the first quarter.

International developed market indices were mostly positive for the first quarter, with emerging market indices primarily flat to negative amid growing debt concerns. Rising inflation is stoking some hesitation among debt heavy global companies as costs to operate and borrow increase.

As the cost of production materials has increased over the past few months, so has the concern as to how company earnings will be affected. The PPI Index, which measures wholesale production prices for companies has been rising steadily for the past year. (Sources: BEA, Bloomberg, Federal Reserve)

Yields Continue To Move Upward – Fixed Income Update

Rising rates in February affected mortgage and various consumer loans as the yield on the 10- year Treasury bond surpassed 1.5%, nearly three times the yield from its low of 0.52% in August 2020. The 10-year Treasury bond yield is closely followed by markets as a gauge for inflation and the possible presence of any economic expansion.

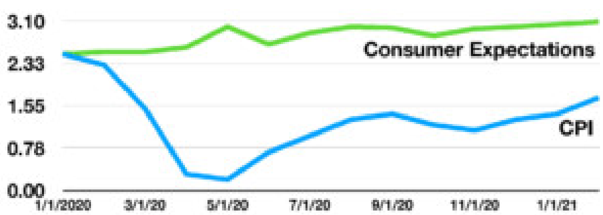
Yields rose across all fixed income sectors, with the 10-year Treasury yield reaching 1.74% as of March 31st, the highest level since January 2020. The onslaught of rising yields has been in conjunction with heightened inflationary pressures.

Some analysts and economists believe that interest rates will rise more slowly in response to inflation, allowing for gradually elevating bond yields. Higher bond yields have historically led to higher loan rates from mortgages to credit cards. (Sources: U.S. Treasury, Bloomberg)

How Government Inflation Gauges Differ – Macro Economic Dynamics

The traditional gauge for inflation, known as the Consumer Price Index (CPI), is being challenged by yet another government produced measure known as Consumer Expectations. The most recent data released shows an inflation rate of 1.7%, as noted by the CPI compiled by the Bureau of Economic Analysis for February 2021. The Federal Reserve maintains its own inflation gauge, yet is based on consumer expectations of where inflation is headed. That inflation gauge ended February at 3.09%.

Many economists believe the Fed's inflation gauge to be a more accurate indicator of actual inflation since it is directly based on consumer expectations. The traditional CPI extracts food and energy, ironically two of the most inflationary areas for consumers this past year.



Some of the items included in the CPI basket are housing, clothing, transportation, medical care, and education. The challenge of the CPI is that it takes a look-back approach rather than a look-forward approach which takes consumer expectations into account. Expectations also vary among age groups, where seniors are more concerned about medical care and transportation, while younger adults worry about apparel and housing. (Sources: BEA, Federal Reserve)

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THE 50-YEAR AVERAGE FOR A 30-YEAR FIXED MORTGAGE LOANS IS 7.88%

Stimulus Bill Provisions For Individuals – American Rescue Plan Act of 2021

Economic Impact Payment (EIP) of $1400 per individual with an Adjusted Gross Income (AGI) of up to $75,000 based on 2019 tax returns or 2020 returns if already filed.

EIPs for qualifying dependents over 16 years of age based on parent's income.

Up to $10,200 of unemployment compensation exempted from federal income taxes for tax year 2020 for taxpayers earning less than $150,000 AGI. Married couples can exclude up to $20,400 of unemployment benefits if both spouses received unemployment in 2020.

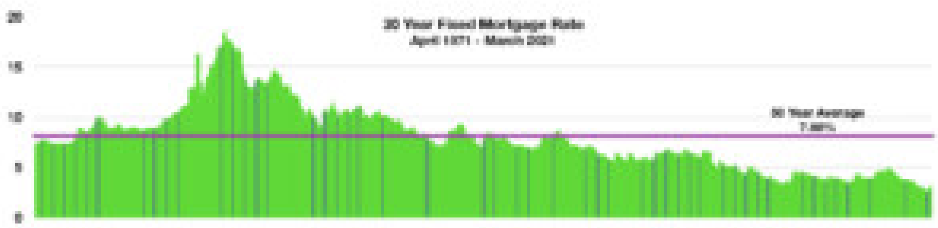
Federal unemployment benefit payments of $300 per week have been extended through September 6, 2021.

Child Tax Credit of $3000 per qualifying child under 18 years of age, subject to phaseout thresholds starting at $75,000 AGI for singles and $150,000 for married couples.

Recovery Rebate Credit available to taxpayers that didn't receive a stimulus payment even though they were eligible. Eligibility for the tax credit is the same as eligibility for the stimulus payments.

Credits for Paid Sick & Family Leave provides eligible self-employed individuals with a credit equal to 100% of the qualified family leave equivalent amount. (Sources: IRS; IRS Coronavirus Tax Relief, Treasury.gov)

Loans May Be Easier To Qualify For As Mortgage Rates Rise – Housing Market Review



30 Year Fixed Mortgage Rate (April 1971 – March 2021)

Rising mortgage rates since the beginning of the year have slowed mortgage applications down. Should employment conditions improve allowing more to qualify for loans, then there could be a resurgence in refis and purchases for those that didn't qualify last year. In addition, some lenders are expected to relax standards as volume declines, easing the loan qualification process. Optimistically, rates are still historically low relative to the 50-year average for 30-year fixed mortgage loans of 7.88%.

Fannie Mae is forecasting that mortgage companies are projected to originate 13% fewer home loans than last years' record of $4.5 trillion in loans. Both refi and purchase volume are forecast to drop this year.

Even though rates have been rising, many homeowners may still benefit from a refinanced loan since rates are still well below their 50-year average. In addition, limited housing inventory has brought about demand for new construction in various parts of the country, creating new home purchase loans. New home construction, as measured by Housing Starts data tracked by the Federal Reserve, show that new home construction has started to rebound from the lows of the pandemic, ensuing in new home loans. (Sources: Mortgage Bankers Association, Fannie Mae)

AS OF 2020, OVER $38.6 TRILLION OF WEALTH WAS HELD BY THE TOP 1%

Where Anticipated Tax Hikes May Hit – Tax Planning

While the three stimulus programs amount to over $4.5 trillion were mostly funded by government debt, the recently introduced $2.25 trillion infrastructure plan will be primarily funded by tax increases. Preliminary indications are that the anticipated tax hikes will target both corporations and high earning individuals. The tax increases may be the largest since 1993. The following are among the proposals currently being considered:

Raising the corporate tax rate to 28% from 21%;

Reducing tax preferences for pass-through entities, such as LLCs, S-Corps & Partnerships;

Tax increases for individuals earning more than $400,000;

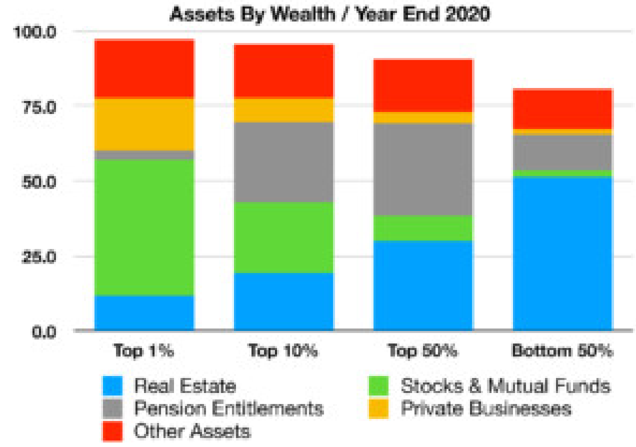
Expanding estate taxes;

Higher capital gains tax rate for individuals earning $1 million or more.

The lingering concern is that individual tax payers that are small business owners may end up paying higher taxes even if their incomes are below $400,000. This could occur if the existing 20% pass-through tax deduction is eliminated or altered, essentially affecting about 95% of all businesses in the United States. (Sources: Taxpolicycenter.org)

What The Top 1% Really Owns – Demographics

Wealth, as measured by assets owned by individuals among all income brackets, surprisingly is not as perceived by most. Federal Reserve data show that the top 1% hold just over 11% in real estate related assets, while the bottom 50% hold over 50% in real estate. Data also reveal that the top 1% own nearly half of all equity and mutual fund assets, while the bottom 1% own only 2.5%.The vast disparity helps explain how the top 1% did so well during the pandemic, primarily due to rising equity valuations over the past year.



Fluctuations in asset values vary among asset types and the economic environment. Inflation has historically helped lift real estate values yet has hindered stock and bond values when too much was present. Income and wealth disparity has become a trending topic lately as the top 1% has garnered enormous gains during one of the most tumultuous periods in history.

As of the end of 2020, over $38.6 trillion of wealth was held by the top 1%, while the bottom 50% held just under $2.5 trillion in wealth. Federal Reserve data qualify the top 1% as those with a net worth valued above $11 million. (Sources: Federal Reserve)

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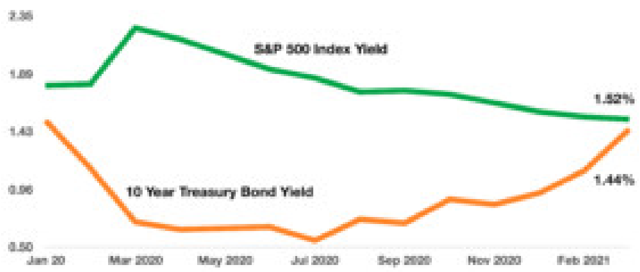
10 YEAR TREASURY YIELD OF 1.60% IN FEBRUARY TRADED ABOVE YIELD ON S&P 500 OF 1.53%

Yields Approach An Inflection Point – Equity Overview

Despite a sell off in equity markets towards the end of February, equity indices managed to post a gain for the month, with energy and commodities leading.



A rapid rise in interest rates over the past few weeks elevated the yield on the 10-year U.S. Treasury bond to 1.60% in February, eclipsing the yield on the S&P 500 Index of 1.53%. When the yield on the 10-year Treasury surpasses that of the S&P 500 Index, it is known as an inflection point affecting further demand for stocks. (Sources: Treasury, Federal Reserve, Bloomberg)

Fed Continues To Stabilize Interest Rates By Buying Bonds – Fixed Income Overview

The Federal Reserve signaled that it would continue its ambitious program of buying $120 billion of treasury and mortgage bonds each month. The bond buying is meant to provide economic stimulus and stabilize interest rates.

Bond analysts believe that the Fed is distorting bond yields and prices by its ambitious buying of Treausry and mortgage bonds in the markets. Some argue that bond yields as well as inflationary expectations may actually be higher without any of the Federal Reserve's supportive purchase of bonds. This is why markets are carefully monitoring Fed comments regarding continued bond purchases.

Mortgage rates and consumer loan rates rose in February as the yield on the 10-year Treasury bond reached 1.6% in trading during February. The rapid rise in yields has also affected other sectors of the bond market including municipals, corporate and mortgage backed securities. (Sources: Federal Reserve, U.S. Treasury)

How Stimulus Payments Are Treated For Tax Purposes & What To Do If You Didn't Get One – Tax Planning

With over 160 million stimulus payments sent with the first round of pandemic relief efforts, many in receipt of the payments are asking whether the payments are taxable or not. The IRS has clearly stated that stimulus payments, regardless of income or status, are not taxable.

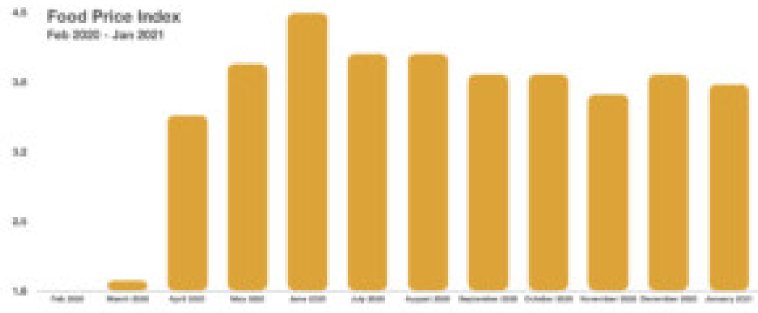
For those that did not receive a stimulus payment in 2020 but believe that they were due one, a filing for the Recovery Rebate Credit can be done. In essence, anyone who didn't get a check can request a tax credit for the amount owed. A tax credit is considered better than a tax deduction since a tax credit directly credits, or reduces, taxes owed. For example, if someone was due a $600 stimulus payment and never received it, then they can claim that $600 as a credit against any taxes owed. In order to calculate and determine eligibility for the credit, the IRS has created a Recovery Rebate Credit page available at https://www.irs.gov/newsroom/recovery-rebate-credit. (Source: IRS.gov)

FOOD PRICES ARE PROJECTED TO INCREASE 2-3% IN 2021

Food Prices On The Rise – Consumer Inflation

The price of food, from oranges to eggs to meat, increased at an annual rate of 3.9% in 2020 according to the Bureau of Labor Statistics. Prices are projected to increase 2-3% in 2021 as forecasted by the U.S. Department of Agriculture. The 20-year historical average increase has been a 2.4% increase per year.

Of the various food items seeing higher prices, meat has been exhibiting the greatest increase. Causes behind the jump in meat prices have been packing plant disruptions due to the pandemic.



The pandemic has also upended global food supply chains with delayed transportation and a lack of workers that have fallen ill to COVID-19. Rising commodity prices such as corn and wheat have added to higher feed costs for cattle, chickens and hogs worldwide, three of the largest meat products. Severe weather in various continents has devastated feed crops and created shortages in addition to pandemic related challenges.
(Sources: UN Food & Agriculture Organization, U.S.D.A., BLS, U.S. department of Agriculture)

Where Has The Flu Gone This Season – Health Awareness

With the focus on COVID-19 and the daily updates surrounding the case count for the coronavirus, many have forgotten about the decades old flu, also known as the influenza virus. Surprisingly enough, the flu has nearly vanished this flu season, with reports of flu cases the lowest in decades. February saw one of the lowest case counts of flu cases ever, even though the Centers for Disease Control and Prevention (CDC) says that February has historically been the peak of almost all prior flu seasons.

Medical experts believe that measures put in place to fend off the coronavirus may have also fended off the flu virus. Mask wearing, social distancing, working from home, and virtual schooling have all helped prevent the spread of both COVID-19 and the flu. Flu cases have also been at record low levels globally, including in China, Europe, South Africa and Australia.

The CDC estimates that of the 190 million flu vaccines distributed this season, the infection rates are so low that it makes it very difficult to determine which flu strains are actually circulating and infecting people. Data for the 2020-2021 flu season haven't been compiled yet by the CDC due to the lack of flu related cases.
(Source: Centers for Disease Control and Prevention)

Foresight

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Taxpayer Scam During Tax Time – Consumer Tax Awareness

The IRS has issued an alert regarding scam phone calls directly to taxpayers nationwide. The calls may be in person or via 'robocalls'. Scammers claim that delinquent taxes are owed and that payment must be made or the taxpayer's social security number will be suspended or canceled. The IRS advises that when in doubt, immediately hang up and ignore the call.

Taxpayers should not disclose any sensitive information to unknown callers, including social security numbers, bank accounts, age, birthdate or formal name. The IRS and its authorized private collection agencies will never:

-Call to demand immediate payment via debit card, gift card, or wire transfer, as the IRS does not use these collection methods;

-Ask for payments to be made to an entity other than the U.S. Treasury;

-Threaten to inform local police or law enforcement to have taxpayers arrested for not paying;

-Demand taxes paid with no opportunity to question or appeal the amount owed;

The IRS suggests that any scam related call be reported to the Treasury Inspector General and the Federal Trade Commission (FTC) including any caller id for the number that appeared. For information regarding any taxes owed as well as the authenticity of an unknown call, the IRS recommends you call them directly at 800.829.1040.
(Source: www.irs.gov/newsroom/tax-scams-consumer-alerts)

COLA Not Keeping Up With Medicare Premium Increases – Retirement Planning

Even before the onset of the COVID-19 pandemic, seniors were foregoing retirement until later as well as taking part-time jobs even after retiring. Living longer for millions of Americans has translated into a financial challenge resulting in dealing with the threat of dwindling assets during an extensive retirement.

The single greatest menace to retirees has historically been inflation. Over the past year, inflation expectations by consumers place inflation at nearly a 3% rate, nearing the 50-year average rate of 4%. With that in mind, housing, food, energy and healthcare expenses are all projected to gradually rise over the next few years. Since the majority of retirees live on a fixed income, the ability to keep ahead of inflation becomes more difficult as time goes on. So if the annual inflation rate is 3%, then the cost of living would essentially be 30% more over ten years.

	SS COLA	MEDICARE PART B INCREASE
2010	0.0	14.6
2011	0.0	4.4
2012	3.6	-13.4
2013	1.7	5.0
2014	1.5	0.0
2015	1.7	0.0
2016	0.0	16.1
2017	0.3	10.0
2018	2.0	0.0
2019	2.8	1.1
2020	1.6	6.7
2021	1.3	6.0

At the center of controversy, which has been for decades, is Social Security. Even with COLA applied to Social Security payments, medical expenses not covered by Medicare are expected to rise more than the COLA increases as reported by the Senior Citizens League. The COLA increase for 2021 Social Security payments is 1.3%, while the increase in Medicare Part B premium for 2021 is 6%, a significant difference. (Sources: Social Security Administration, Senior Citizens League)