

March 2020 Ponderings and Musings: Celebrating Women's History Month

"I declare to you that woman must not depend upon the protection of man,
but must be taught to protect herself,
and there I take my stand."
- Susan B. Anthony

"Nothing is impossible, the word itself says 'I'm possible!'"
- Audrey Hepburn

"I learned a long time ago that there is something
worse than missing the goal,
and that's not pulling the trigger."
- Mia Hamm



Introducing Ona Bolton

In the spirit of celebrating women, please join us in welcoming of Ona Bolton, VWG's 9th working mom! Ona is an accomplished financial planner, with 28 years of experience in helping executives, entrepreneurs and their families define and help meet their financial goals and objectives. Ona's broad knowledge of tax, insurance, financial plan modeling and estate planning will bolster VWG's financial

planning efforts, and will help drive our differentiated service offerings.

Ona has the credentials to match her passion in serving clients holistically. She has her B.S in Accounting from Marquette University and her Master's in Taxation from George Mason University. Ona is a Certified Public Accountant and a Personal Financial Specialist through the American Institute of CPAs (AICPA). She is also a member of the Virginia Society of CPAs. Ona is a CERTIFIED FINANCIAL PLANNER™ candidate, expecting to sit for the examination this November.

Ona lives in Northern Virginia with her husband Ben, and their five daughters Olivia, Audrey, Catherine, Clare and Grace, ages 18-10. They have a black Lab named Wrigley, which comes as no surprise because Ona grew up in the Chicago area. She enjoys passing on her parents' Lithuanian heritage to her girls, the Cubs, baking, gardening and traveling.

Looking Back in History with an Eye Toward Future Planning

March is Women's History Month. For the year 2020, the theme of Women's History Month is "***Valiant Women of the Vote.***" This is most appropriate since it was 100 years ago that the 19th Amendment to the U.S. Constitution was passed. 1920 was the first U.S. Presidential election in which women had the right to vote in all 48 states. Not surprisingly, the total popular vote spiked dramatically in 1920 to 26.8 million, increasing by 8.3 million voters (44.8%) from the 1916 election. What a difference a century makes!

The centennial celebration, and the resulting changes in our society, provides us with this month's focus on financial planning.

There are several important financial issues that are unique to women. The VWG team regularly addresses and revisits these as we review and update our client's financial plans over the course of our relationship. Along the way, we strive to provide tips and encouragement toward empowering financial knowledge and engagement.

Key financial planning issues unique to women include:

- **Women earn less money.** Statistics show that women were paid \$0.79 for every \$1 their male counterparts earned in 2019 (<https://www.payscale.com/data/gender-pay-gap>). Because of this lower lifetime income, women are also likely to receive lower Social Security benefits and have lower savings, which can make funding their retirement more challenging.

- **Women live longer.** The U.S. Center for Disease Control and Prevention calculates the expected life span for a 65-year-old man as 84 years. For a woman, it is 86 years. A 2015 study sponsored by Brookings projected that 22% of men reaching age 65 would live to age 90. For women, this figure increased to 34%. Living longer puts more strain on resources required to fund living and healthcare expenses. A 2016 Money Magazine study projected that the average healthy 55-year old woman would pay \$79,000 in additional healthcare expenses over her life, compared to a healthy 55-year old man.
- **Women have fewer years of earned income.** Women are traditionally the primary caregivers for infants, children and elderly parents. This often leads to lapses in earnings, resulting in lower savings. A 2015 study by the National Center on Caregiving stated that the average woman spent 12 more years out of the paid workforce than men.
- **Women have to juggle competing goals.** Women are constantly working toward multiple goals: saving for retirement, taking care of aging parents (both financially and physically), and helping to nurture and support their children (young and old), just to name a few. Women are extremely giving, but often saying yes to everything else results in them placing their own personal goals and health on the back burner.
- **Women will need to assume responsibility for an increasing amount of wealth in future years.** It is estimated by Nielsen that U.S. baby boomers are poised to inherit as much as \$15 Trillion over the next 20 years. Additionally, the divorce rate for adults age 50 and older has almost doubled in the past 25 years (termed the Gray Divorce). This calls upon women to be actively involved in investment and planning meetings, and to grapple with some difficult and complex topics including Social Security, employer benefits, Medicare and long-term care.

We realize that sorting through these concerns can be quite daunting. The VWG team is available to assist you. It is our driving passion to help you and your families through all of life's paths and passages. In the words of Susan B. Anthony, we "take our stand" in helping protect you, and teaching you how to protect yourself. It is an honor for the entire VWG to support you in this journey.

Cononavirus Fears

Financial markets have quickly succumbed to the intense focus on the worldwide spread of the coronavirus, deeply unsettling markets and investors. In the brief span of 7 trading days, the S&P 500 Index fell -12.8%. Volatility exploded. In the 2 weeks ending March 6, the average absolute *daily* percentage change of the S&P 500 was just under 3%. Then on March 8, disagreement between Saudi Arabia and Russia on crude oil production limits sparked a

potential price war. This further roiled already shaky bond, currency and equity markets. Understandably, many clients are asking, "what action should we taking?"

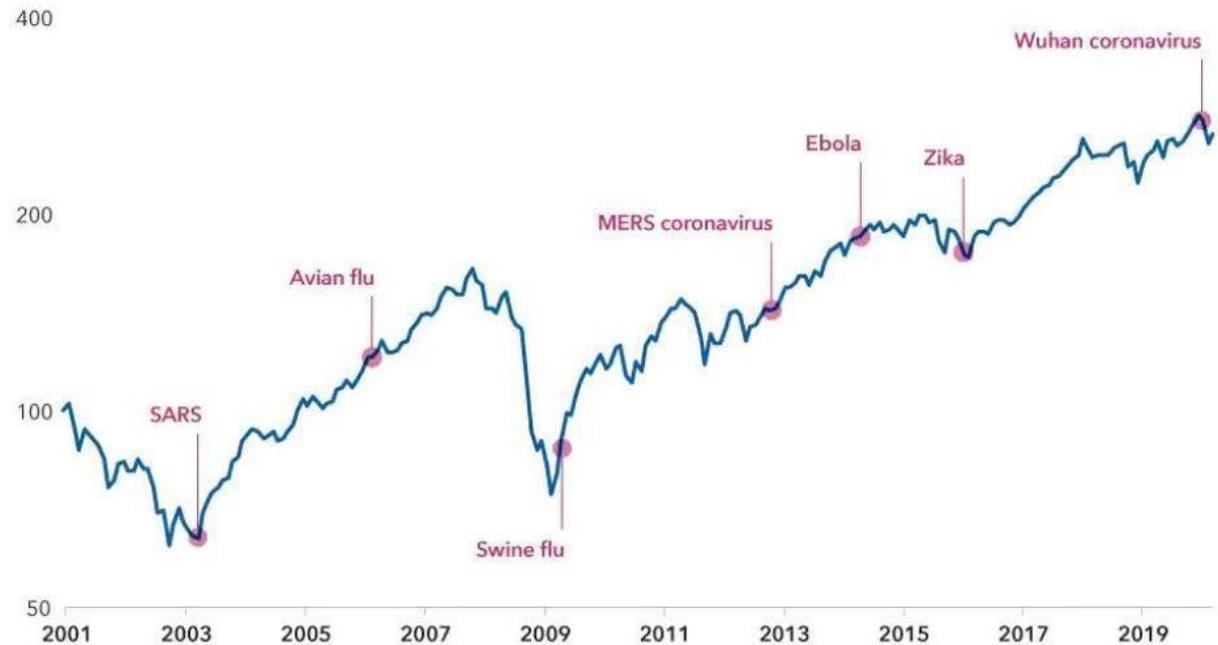
While VWG is very concerned, it is too early to predict the outcome. We will have to be patient and allow events to unfold. At the moment, for most clients, we don't see this as either a buying or a selling opportunity. Panics ultimately feed off themselves, creating a reality of their own. Medical professionals are just starting to get a firm handle on this disease. Grappling with the collective, and quickly changing psychology of markets will require time and composure.

Periods of great volatility and heightened uncertainty are an opportune time for investors to revisit their long-term financial plan. If significant life changes have occurred, the plan should be updated. Portfolio diversification and risk management should be reviewed. Funds required for living expenses and targeted needs over the next three years should be conservatively positioned. Stocks, and other assets and strategies seeking long-term appreciation, should be featured in funds not required within the next 10 years.

For equity investors, some perspective is also called for. A -10% correction in the S&P 500 Index has occurred about once a year since 1928 (*Ned Davis Research, Inc.*), for multitudes of reasons. A -20% correction has occurred about once every 3½ years (the last witnessed in December 2018). Despite occasionally large intra-year drawdowns, markets often bounce back. As the following chart shows, past global viral outbreaks did not significantly impair equity markets.

Global equity markets have powered through past viral outbreaks

MSCI ACWI index levels



Sources: Centers for Disease Control and Prevention, RIMES, MSCI. As of 3/2/20. Chart shown on a logarithmic scale. Total return index levels in USD, indexed to 100 on 12/31/2000. Disease labels are estimates of when the outbreak was first reported.

Lastly, it is always steady to review words of great investment skill and experience during times of turbulence. The insightful Morgan Housel of the Collaborative Fund stated the following, in a recent interview on Chris Williamson's "Modern Wisdom" podcast:

"The biggest contributor to one's investment success, whether it be in stocks, real estate, business, or something else, is the ability to maintain holding those assets when times get hard. Uncertainty is the price of admission required for the right to earn long-term rewards."

VWG Helpful Tip - Wait Before You File

1099 Forms from custodians started being distributed in mid-February. As we cautioned last month, we believe it is almost certain that some of these will be revised and restated before April 15. We understand and empathize with our clients' timely on-task orientation, but we urge you to PLEASE:

- **DO NOT file your taxes before the first week of April.**
- **If you have any uncertainty, strongly consider filing for an extension.**
- **Make sure to consult with your tax advisor.**
- **If you receive a form 990-T from Fidelity you do not need to take action. This is for informational purposes only as they collect information on UBTI (Unrelated Business Taxable Income) related to any private alternative investments. If there is anything you needed to do, we would let you know.**

VWG's "Your Life" Series Continues in March

The Setting Every Community Up for Retirement Enhancement Act – better known as the SECURE Act, became law on January 1. The SECURE Act changes some of the rules relative to both IRA required minimum distributions (RMDs) and contributions. These new rules could potentially impact one's retirement income and estate planning strategies. Over the past month VWG has studied and discussed the impact the SECURE Act could have on our client's retirement and estate planning decisions. We can't wait to share these with you!

The VWG Team will present a pre-recorded webinar on "Tax Legislation and Retirement Planning" later this month. The webinar will cover the SECURE Act, and tax and other factors to consider if you are deciding whether to relocate in retirement. If you have specific questions you'd like for us to address in this webinar, feel free to send them to vwg@hightoweradvisors.com.

Regards,

VWG Wealth Management
HighTower Advisors

Suzanne, Ashley, Lynette, Michelle, Rashmi, Kay, Ona, Justin, Ryan, Ryan, Patricia, Elana, Susan, Marnie, John, Rick and Jeff

[Who we are](#)

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