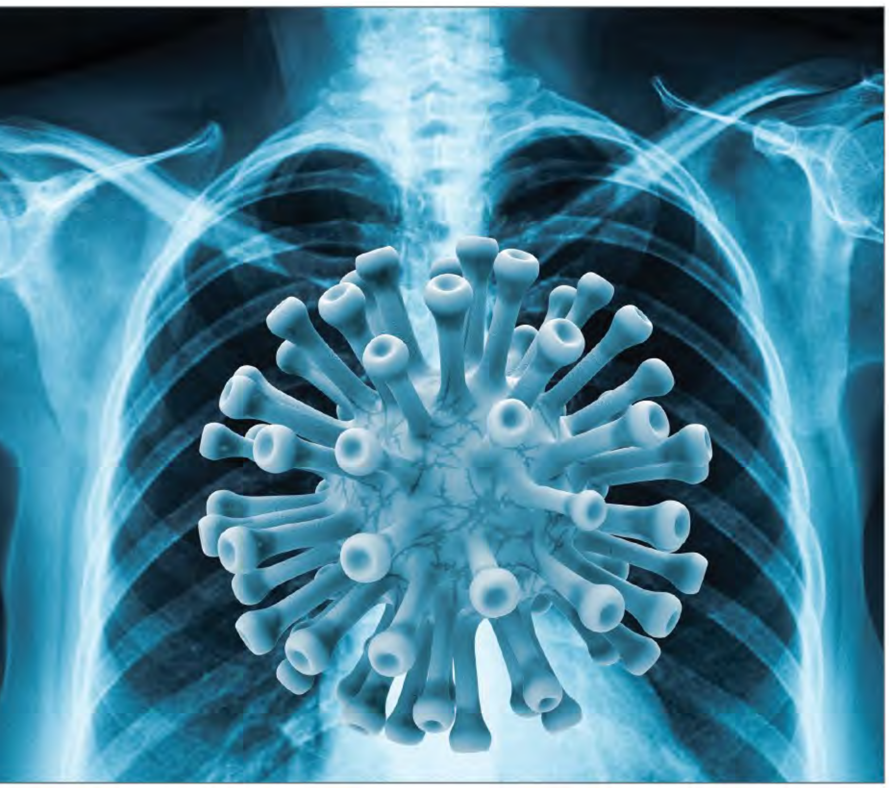
CRAIG WILLEKE'S FINANCIAL NEWS

DIGEST



MONEYLINE

When You Lose Your Job Because Of COVID-19

Courtesy of Craig Willeke, LUTCF, CLTC

Here is help for people who lost their jobs because of the coronavirus?

Two parts of the federal coronavirus rescue package have measures aimed at helping the unemployed:

The Families First Coronavirus Response Act pumps an additional $1 billion into the unemployment compensation system to ease the burden on states processing and paying unemployment benefits. States with greater unemployment increases will receive more funds, and employers are encouraged to reduce the number of hours worked by employees in lieu of layoffs. States are also directed to ease eligibility requirements and access to unemployment benefits for workers who do lose their job. The federal government will also pay 100% of coronavirus-related extended unemployment compensation, instead of the usual 50%.

The CARES Act provides even greater benefits. For example, it provides up to 39 weeks of unemployment benefits for self-employed people, independent contractors and others out of work because of the coronavirus pandemic who don't otherwise qualify for benefits. Weekly unemployment checks are also increased by $600 through July. The federal government is also reimbursing states for the first week of unemployment benefits until the end of the year (states normally impose a one-week waiting period before paying benefits). An additional 13 weeks of benefits is included too. Please visit home.treasury.gov/policy-issues/cares for complete information about the Act and consults your legal or tax advisor for guidance.

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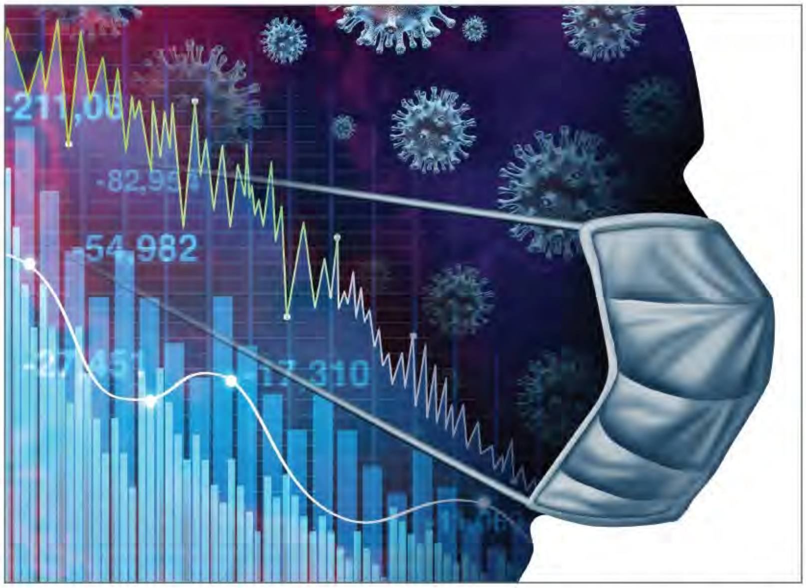
Various discontinued cars are attractive bargains now, reports auto expert Jeremy Acevedo. 2019 models ceasing production as automakers focus instead on SUVs and pickups: Cadillac ATS…Chevrolet Cruze, Impala and Volt…Toyota Prius C…Buick LaCrosse and Cascada…Volkswagen Beetle…Ford Fiesta and Taurus. Also, Ford Focus production ended in 2018, but a few remain available. Extra-big discounts, up to 18% or $5,500, often are available to move discontinued cars off lots.
Source: Edmunds.com 2020

Spot a phone scam: Any phone sales pitch that tells you to act now or lose out is a red flag. "You must decide today" is a scammer's line. Hang up.
Source: Abagnale.com 2020

Did you know that monthly new-car payments average $551? The average car loan is for 69 months – nearly six years. Those costs are almost 10% higher than they were three years earlier. The average price of new vehicles was more than $36,000 in 2019 – the highest ever.
Source: Edmunds.com 2020

"A good plan today is better than a great plan tomorrow."
— General George S. Patton



A Plan Amid Market Volatility

By Jill Schlesinger, Tribune Content Agency

We recently saw the worst week for stocks since the heart of the financial crisis. Just six days after the S&P 500 index reached a new all-time high on Feb. 19, it fell by more than 10%, its fastest correction ever, mostly due to the uncertainty arising from the spread of coronavirus.

Here's a refreshed version of my investor panic protection plan. *Warning:* This will not protect you against market downturns — those will happen from time to time. Rather, the process is intended to help protect you against yourself, and to prompt you to consider specific action items that will help you remain on track with your financial goals.

Step 1: ***Remind yourself why you are investing.*** Most of us are saving for a long-term goal, like retirement or college, which is likely years or decades in the future. Even if you are retiring in the next couple of years, your account needs to last 20 to 30 more years. That thought should help soothe some of your raw nerves. And as money comes out of your paycheck or savings and goes into investment accounts, you're purchasing shares at a discount to levels seen recently. Who doesn't like a bargain?

Step 2: ***Be thankful for your diversified portfolio.*** As stocks tanked, bond prices soared (the yield on the benchmark 10-year Treasury note fell to an all-time low), which should have shielded you from the worst of the stock selling. Maintaining a diversified portfolio of stocks, bonds, and cash is usually a winning strategy for most long-term investors. And if you haven't done so already, establish automatic rebalancing on investment accounts (one to four times a year) so that your allocation reflects the level of risk on which you originally decided.

Step 3: ***Determine whether you need cash.*** Do you need to make a house down payment, purchase a car or pay a tuition bill in the next 12 months? If so, that money should never have been at risk at all, so admit that you blew it and get whatever you need out of the stock or even the bond market and keep it in savings, checking or money market.

Step 4: ***Check your risk tolerance.*** Sure, you felt bold when stock market indexes were making new highs, but how did you feel when the tide turned? Maybe you can't stomach as much risk as you thought you could. If that's the case, you may need to readjust your allocation. *Here's your warning:* If you do make changes, do not jump back into those riskier holdings after markets stabilize. You need to make a pinky swear with yourself that you will stick to your revised plan.

Step 5: ***Reduce the cost of your home loan.*** With benchmark interest rates plummeting, now is a great time to consider refinancing your mortgage, especially if you have an adjustable rate or a balloon loan. Run the numbers and factor in the costs of the refinancing (usually 2% to 5% of the loan amount) into your analysis.

Retirement: When I'm 64

By Robert Niedt, Kiplinger's Personal Finance

A few months ago, just before my 64th birthday, I received a piece of snail mail, a blast from the future.

"It's your 64th birthday!" the letter began. "Just 9 months until you can enroll in Medicare." Among the enclosures were a Medicare pre-enrollment checklist and a phone number just in case I wanted to speak with a "health benefits adviser."

Great. I hadn't even started celebrating my 64th birthday when I was forced to do math about my looming 65th. Nine months? That means I should begin enrolling in Medicare three months before next February, which is, if I calculated it correctly, November.

I began to think seriously about my retirement when I started seeing friends and family retiring. I plan to keep working for a few more years, putting off Social Security as long as I can so my benefits can grow.

But my plan to stay in the full-time workforce beyond age 65 has somehow eluded those wanting to help me out; they're sending me Medicare information via snail mail as well as social media. Because I have medical coverage through my employer, I don't have to apply for Medicare until I'm no longer working -- or ideally, three months before I stop working. Even with that option, most experts say, it doesn't hurt to apply for Medicare Part A when you turn 65 even if you're still working full-time because it's free.

Probably the biggest hurdle as retirement approaches is all the homework you have to do, and the harsh hits you take in terms of penalties and coverage gaps if you don't play by the rules and meet the deadlines.

At least I know I won't be alone as I keep working past 65. In 2024, approximately 36% of those of us between age 65 and 69 will be working, according to the Bureau of Labor Statistics. That's up from 22% in 1994.

Beyond that, bigger decisions are going to come into play, including one that has forced me to truly rethink retirement: Where to land? It's something my wife and I have been exploring the past few years since we realized we wouldn't be able to retire comfortably where we currently live, in northern Virginia. The cost of living so close to Washington, D.C., is prohibitive to us as retirees. Plus, the frantic pace, rapid growth and the relentless traffic make this region less than ideal. We've been exploring other parts of Virginia, as well as the Carolinas.

Some of those communities are now reaching out to me on Facebook and email and via the U.S. mail with information about housing developments and retirement communities. Maybe the hardest part of preparing for retirement is dealing with all the mail and messages.

"Good news — you can't afford to be old, so that means you're still young!"

Maximize Social Security disability checks. *Apply for benefits as soon as possible after becoming disabled.* Ask your doctor for help filling out forms, explaining the diagnosis and reporting information properly. *If your health makes you retire early after decades of work,* look into disability benefits before starting to take Social Security retirement checks—this may help you avoid a reduction in retirement benefits. I*f your condition changes so you can do some work,* even a small amount, be sure to report earnings—the Social Security Administration (SSA) allows a trial work period, during which disability benefits continue. *Be prepared for SSA review*—the agency periodically takes another look at disability cases. Look into assistance beyond disability benefits—you also may be entitled to food stamps, a free landline or cell phone or other assistance.
Source: Money.USNews.com 2020

"Generosity is giving more than you can, and pride is taking less than you need."
— Kahlil Gibran

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Can Interest Rates Go Any Lower?

By James K. Glassman, Kiplinger's Personal Finance

How many times have you heard that interest rates can't go any lower? And yet they do. Lower and lower and, maybe soon, to zero or below. In fact, ever since 1981, when the yield on the 10-year Treasury bond peaked at 15.2%, government debt has been in a long-term bull market.

With the exception of a few upward blips, interest rates have fallen consistently, with the yield on 10-year Treasuries dipping below 1% for the first time ever in early March. That means prices of outstanding bonds, which move in the opposite direction of yields, have been rising.

A bond is an IOU, a promise from a borrower to repay a lender on a certain date, with interest in the meantime. If you wait until maturity, the borrower will return the bond's face-value amount, but before then you can buy or sell the bond like any other security. Over a bond's lifetime, its price fluctuates on the open market.

When rates rise, bond prices fall. Assume you buy a $10,000 Treasury bond with a maturity of 10 years and a coupon (a promised interest rate) of 5%; you collect $500 in interest per year. Now assume that three years later, rates on new 10-year Treasuries fall to 3%. The bond you own that pays $500 a year is worth more compared with the new bond, which pays $300, so the price of your bond increases. Conversely, if rates rise to 7%, your 5% bond becomes less attractive, and its price falls.

Government bond rates have plunged as many investors, responding to the coronavirus shock, have fled to safety. Not even during the Great Depression was the yield on the 10-year Treasury bond lower than the 0.5% reached in early March. The unknown is always frightening, but there's no doubt that low rates can be delightful for families borrowing to buy houses and businesses looking to expand.