

NEWSLETTER

The Quarterly Newsletter of Peninsula Wealth LLC



IN THIS ISSUE

Important Dates

2020 Tax Statement Schedule

By January 31, 2021

1099-R

1099-Q

By February 15, 2021

1099-DIV

1099-B (Sales of less than \$20 that removed fraction shares will not be reported)

By May 31, 2021***

5498 – December 31, FMV will be reported on 2020 year-end customer statements

April 15, 2021 – U.S. Tax Day is Thursday

-2020 IRA Contributions can be made through April 15, 2021 but PW's deadline to process this is on **April 9th, Friday**.

**Corrected 1099s do not have a release date yet

***The date is subject to change based on further guidance from the IRS

Happy New Year!

Market Recap

COVID-19 Updates

COVID-19 Relief Bill

Government Transition

Message from Rahul

Happy New Year!

2020 is not a thing of the past. The lessons we learned, the changes we adapted to, the “new normal” we are in – all of these are with us as we head into the new year. However, it does not mean we are stuck. We are marching forward, making daily progress. What happened in 2020 is unprecedented, but it showed our resiliency and adaptability as a community. It helped us value what matters the most. With that said, Peninsula Wealth is wishing you a happy new year! 2021 is going to be a better year.

Market Recap, Q4 2020

It has been one heck of a ride the past year. The market, in general, was unpredictable and very volatile. In 2020, S&P 500 has posted 33 closing highs YTD despite the current uncertainties we are still facing. It closed the year at a high of 3,756.07, up 16.26% YTD. Some sectors of the S&P 500 are yet to recover, while some sectors have benefited from the at-home services and products both in the consumer and business side.[1] We have seen some of the biggest IPOs in the last quarter - Snowflake (SNOW), DoorDash (DASH), AirBnb (ABNB), and some Special Purpose Acquisition Company (SPACs) Mergers went public. The other indices also reached new all-time highs, yielding a positive year-to-date return for 2020.

In his latest testimony, US Federal Reserve Chair Jerome Powell mentioned that the economic outlook is extraordinarily uncertain and will depend on the success of keeping the virus in check. The fiscal policies will also be kept unchanged, while the Fed Funds rate may remain near zero through 2023. He urged that additional stimulus is needed to help American families and the economy recover.[2] The unemployment remains high since the beginning of the pandemic, but it is slowly improving. According to the Bureau of Labor Statistics, the total unemployment rate decreased to 6.7% in November. There are notable job gains in transportation and warehousing, healthcare, and professional and business services; however, a decline is seen in the government and retail trade.

To help the recovery of the economy and struggling American families as the remaining CARES Act benefits are drawing closer to their end, the Congress passed a \$2.3 Trillion spending package on December 21st, 2020. The package includes a \$1.4 Trillion Fiscal Year 2021 Omnibus Bill and \$900 Billion COVID-19 Relief Package. The new COVID Relief Package is small compared to CARES Act, but this is much needed.

The market is clearly not the economy. It yielded high returns while there is a significant slowdown in our current economy and the pandemic is still top of mind. It is uncertain what 2021 will bring, but the market may still experience some volatility. If you are concerned with anything, please do not hesitate to contact us and your financial advisor will be in touch.

Sources:

[1] <https://www.spglobal.com/spdji/en/commentary/article/us-equities-market-attributes>

[2] <https://www.federalreserve.gov/newsevents/speech/powell20201006a.htm>

YTD Market Returns

Data shown as of December 31, 2020

INDEX ¹	Q4 2020 RETURNS (%)	YTD RETURNS (%)
S&P 500	11.59	16.26
DOW JONES INDUSTRIAL AVERAGE	10.17	7.25
S&P MIDCAP 400	23.93	11.61
S&P SMALLCAP 600	30.83	9.57
RUSSELL 2000 ²	31.37	19.96

¹ <https://www.spglobal.com/spdji/en/commentary/article/us-equities-market-attributes>

² <https://personal.vanguard.com/us/funds/tools/benchmarkreturns>

COVID-19 Updates

The coronavirus continues to spread, infecting 86M people with approximately 1.9M reported deaths globally. In US alone, we have about 21M reported cases and 365K reported deaths.[1] Viruses constantly change through mutation, and multiple Covid-19 variants are circulating globally. In September 2020, a new coronavirus variant was detected in the United Kingdom (U.K) but this was reported towards the end of 2020. The new variants do not seem to be deadlier, but scientists are working to learn more about these.[2] As these new variants are being studied, the rollout of vaccines are ongoing. The U.S. Food and Drug Administration issued Emergency Use Authorizations (EUA) for two COVID-19 vaccines: Pfizer and BioNTech's mRNA vaccine and Moderna's mRNA vaccine.

In California, its COVID-19 Vaccine Plan has been in place and moving. There are three phases on the vaccine rollout.

- **Phase 1A (About 3 million people):**
 - Healthcare workers
 - Long-term care residents
- **Phase 1B Tier One:**
 - Individuals 75 and older
 - Those at risk of exposure at work in the following sectors: education, childcare, emergency services, and food and agriculture
- **Phase 1B Tier Two:**
 - Individuals 65 -74 years of age
 - Those at risk of exposure at work in the following sectors: transportation and logistics; industrial, commercial, residential, and sheltering facilities and services; critical manufacturing
 - Congregate settings with outbreak risk: incarcerated and homeless
- **Phase C:**
 - Individuals 50 -64 years of age
 - People 16-64 years of age and have an underlying health condition or disability which increases their risk of severe COVID-19
 - Those at risk of exposure at work in the following sectors: water and wastewater; defense; energy; chemical and hazardous materials; communications and IT; financial services; government operations / community-based essential functions[3]



How do I know if I'm eligible for the vaccine?

Call the state's COVID-19 hotline: 1-833-422-4255 (8:00 a.m. to 8:00 p.m. Monday – Friday; 8:00 a.m. to 5 p.m. Saturday and Sunday).

The hotline will provide general information about eligibility in Phase 1A, 1B and 1C. Provide your age and a description of the kind of work you do.

With the vaccines rolling out, we are hopeful that better days are ahead of us.

Sources:

[1] <https://coronavirus.jhu.edu/map.html>

[2] <https://www.cdc.gov/coronavirus/2019-ncov/transmission/variant.html>

[3] <https://covid19.ca.gov/vaccines/#When-can-I-get-vaccinated>

COVID-19 Relief Bill \$900B

Vaccine and Nursing Homes Fund \$70B for a public health measures, including \$20B for vaccine purchases, \$8B for distribution, and an additional \$20B for the state's test-and-trace programs.

Individual Payments \$600 going to individual adults with adjusted gross income of up to \$75,000 a year based on 2019 earnings. \$1200 to head of households who earn up to \$112,500 and to a couple who earn up to \$150,000. Eligible families with dependent children would also receive an additional \$600 per child.

Unemployment Benefits Enhanced federal jobless benefits of up to \$300 per week have been revived. This will be provided for 11 weeks, until March 14. The benefit is half the amount of the CARES Act.

Aid for Small Businesses \$285 billion is appropriated for the additional loans under the Paycheck Protection Program (PPP). The terms are stricter, and it caps loans at \$2M dollars which is available to borrowers with at least a 25% drop in sales and with fewer than 300 employees. \$12B is set aside for minority-owned businesses.

Among these, the bill also extends the eviction moratorium through January 31st as well as providing \$25B in rental assistance. The monthly food stamps, or Supplemental Nutrition Assistance Program, is increased by 15% for six months beginning the 1st of January. It also tackled to protect the environment by regulating hydrofluorocarbons (found commonly in air-conditioners and refrigerators). It also allocates \$35B to fund clean energy projects. The bill is also protecting hospital patients making it illegal for hospitals to charge patients for emergency services and/or treatments; however, this new change will take effect in 2022.[1]

Source:
[1] <https://www.nytimes.com/2020/12/22/us/politics/second-stimulus-whats-included.html>

Government Transition



Congress certified Joe Biden's win on the 7th of January, after pro-Trump supporters besieged the Capitol Hill. Joe Biden and Kamala Harris are set to be sworn into office on January 20th, 2021.

Despite all that happened, we still expect and are hopeful for a peaceful transition of power.

Message from Rahul

Dear Valued Clients and Friends,

I wanted to personally thank all of you for your partnership in an exceedingly difficult year. When we packed up our offices back in March to work remotely, all of you were able to adapt very quickly to the new processes. For that, I am very grateful.

Our firm has always been about the people and it has been difficult for me not to be able to see my colleagues and/or clients. However, in a strange turn, I felt like I was able to get to know each of you more and on a deeper level.

With hope on the horizon, I am looking forward to seeing each and every one of you soon. Whether it is in the office, in your home, or at a Giants' game – I am counting down the days!

