SERVING THOSE WHO SERVE

Quarterly Newsletter

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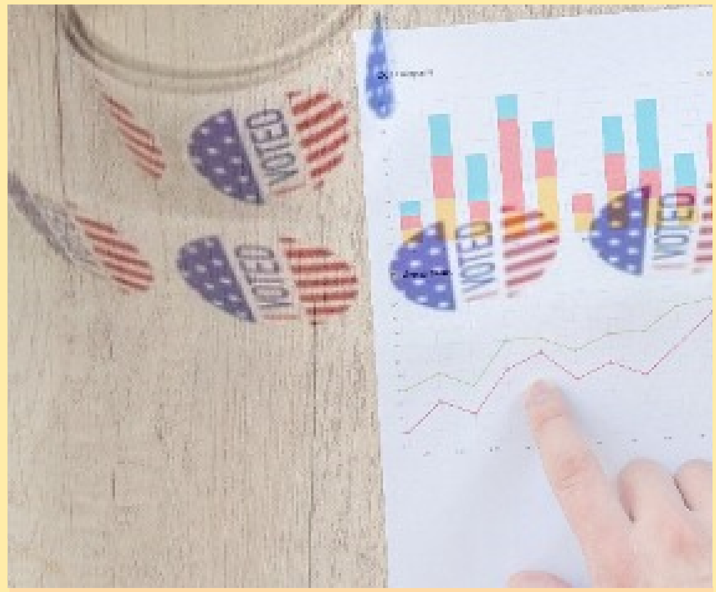
The Election & Your TSP

By Jennifer Meyer, Financial Planner

**The following is not a recommendation to buy or sell any individual security or any combination of securities.*

It is an almost daily question in the life of a financial advisor these days- “should I make any changes to my investments with the election coming up?” The answer to this always depends on individual circumstances and goals, but it is worth taking a look at the historical record of markets in election years to gain some perspective.

Do elections predict market performance or does market performance predict elections? The only thing we know for sure in answering this question is that markets dislike uncertainty. Therefore, it makes sense in the months leading up to an election that there would be volatility. Investors playing the age-old game of trying to time the market, either because they are feeling positive about the future or because they are feeling negative, create the ultimate game of chicken. Contrary to this market timing strategy, historical data shows that staying invested in the correct asset allocation pays off for most long-term investors versus trying to correctly



guess the perfect time to get out, as well as the perfect time to get back in.

Let’s look at some data:

1. Since 1928, the performance of the S&P 500 in the 3 months leading up to an election has correctly predicted the outcome 87% of the time. When the S&P 500 has been positive over those three months, the incumbent has won. When it has been negative, the opposing party has won. This is*regardless*of which party is incumbent. This statistic is true for every election since 1984. *(Forbes, August 18, 2020)*

2. Since 1928, the market has posted gains in 17 of 23 election years, or 74% of the time. Most of the other 6 times have reasonable explanations for the decline.In 1932 the country was in the midst of the great depression; in 1940 the U.S was on the verge of WWII; in 2000 the tech bubble burst, and 2008 was the financial crisis. Is it possible that this could be one of those years with the

COVID pandemic in play? It could be, but given the market rally from March-August, no one knows with certainty what the last four months of 2020 will bring to the markets.

Federal employees have a retirement plan that is based on 2 defined benefit programs; their FERS or CSRS pension and Social Security, and one defined contribution plan, known as Thrift Savings Plan (TSP). This combination is often referred to as the “3-legged stool” for retirement. Pensions and Social Security are determined by formulas that most employees have little control over. However, the TSP for the most part *is* under the control of employees. An employee decides how much to contribute and how to allocate their funds. Generally, employees are left to their own devices to select how much of their contributions will be allocated to less risky versus more risky investments. How to allocate your TSP should be based on your individual time horizon (when do you think you will start taking money out of TSP?) and tolerance for market volatility. Data shows that staying invested during periods of market volatility will result in better long-term performance than jumping in and out of the market in an attempt to time the ups and downs. Keep this in mind over the next few months during periods of volatility. When feeling uncertain, take comfort in the knowledge that the short-term volatility of election years is generally not a long-term indicator of investment success.

**full disclosures in "disclaimers" section*

The Coach's Corner

by Executive Coach, Robert Oberleitner

Don’t have time to get Executive Coaching?

It is very common for athletes at all levels to hire a coach to help them hone their skills and discover areas of their game that are limiting progress. Executive coaches perform the same service for business leaders. Coaches can help increase a leader’s awareness, confidence and effectiveness. Some of the common beliefs or excuses for not exploring executive coaching are listed below along with either example coaching questions or facts to consider.

·“I am too busy” – Many executives cannot imagine adding one more hour to their schedule for coaching. However, coaching provides executives with time to focus on themselves and a sounding board to think through challenges.

·Potential questions that a coach may explore are:

oWhat is the most important aspect of your job – and what is getting in the way of doing more of that?

oWhat changes would you make if you were controlling your calendar vs it controlling you?

·“Coaching is too expensive” – There are no cost options for federal leaders.

oMany federal agencies have annual budget items for agency funded contract coaches.

oOther agencies have in-house ICF certified coaches in the Human Resources department or can access leaders who are coaches from other agencies via the Federal Coaches Network.

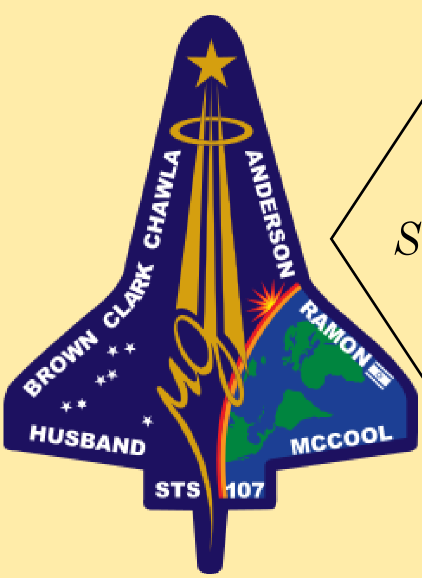
·“Coaching is only for problem employees” –Today private companies and federal agencies alike recognize the benefits of coaching for their executives and high potential leaders to provide them with more personal support than merely sending to large group leadership training classes.

o“People who want to stand out at work or face a job crisis increasingly turn to career coaches. There are now an estimated 10,000 coaches nationwide, up from 5,300 in 1998.”-The Wall Street Journal

oA Hay Group study of Fortune 500 companies found that executive coaching is used as standard leadership develop for elite executives and talented up-and-comers.

Three keys to realizing benefits from coaching are for you to be a) open to looking at your approach to situations; b) willing to make changes in how you respond; and c) willing to do the work to achieve better results.

When you work with an executive coach there is opportunity for you to make changes that will increase your effectiveness resulting in positive shifts in your career. Consider exploring the coaching options your agency provides today.



History Tidbit:

On February 1, 2003, the Space Shuttle Columbia disintegrated upon re-entry to Earth, killing all 7 crew members aboard.

FED ZONE

featured article by Ed Zurndorfer

Reviewing Your Estate Plan, Mid-Career

Every federal employee needs an estate plan. Some employees have been working in federal service for many years. They have young families or other relatives who depend on them but yet these employees have no formal estate plan.It is important for employees to understand that there is more to an estate plan than establishing complex trusts in order to avoid paying federal estate taxes and/or state estate and inheritance taxes. As the current COVID-19 pandemic crisis in which hundreds of thousands of individuals (young, middle-aged, close-to-retirement, and retired) have unfortunately died has taught us, death and incapacity have no age bounds. All employees should have an estate plan in order to prepare for events that could result in their suddenly being incapacitated or dying.

A complete estate plan includes having a will or a living trust, a living will, a health care power of attorney or advance health care directive, a financial power of attorney, if applicable -naming guardians for minor children, and making sure all beneficiary forms are filled out, submitted and up-to-date. This column discusses in somewhat more detail what a complete estate plan includes, and why it is important for every employee to have an estate plan and to make sure their plan is current. *Furthermore, it needs to be emphasized that this column is not intended to give legal any advice nor is it a substitute for legal counsel. Any specific questions regarding one's estate plan should be directed to and discussed with a licensed estate attorney.*

For those employees who in fact have no estate plan or perhaps they have an estate plan that was established more than 10 years ago, they need to ask themselves two questions in order to establish or update their estate plan. The first question is: If I become incapacitated because of an accident or a prolonged illness, who would manage my financial assets including paying my bills, making financial-oriented decisions, and saving for my retirement? Who would make decisions regarding my medical care if I am unable to make these decisions, including making the decision for any needed surgery or medications?

What are the most important legal documents each individual should have in place in order to plan for incapacity? These documents are:

1**. Durable power of attorney**. This is a written document that allows one person ("the principal") to empower another person (the "agent") to act on behalf of the principal for financially oriented decisions. Among the "powers" granted to the agent through a durable power of attorney: (1) Writing and signing checks on behalf of the principal; (2) making withdrawals from bank checking or saving accounts or brokerage accounts on behalf of the principal;

; (3) signing the principal's federal and state income tax returns; and (4) to buy, sell, or lease assets on behalf of the principal. A single individual needs to consider if he or she became incapacitated and could not pay his or her rent or mortgage, utilities, debts and who would be able to step in to pay these bills? The answer is the agent as designated in the durable power of attorney. Married couples are advised to have a durable power of attorney in the event both spouses become incapacitated.

2.**Advanced Health Care Directive (AHCD)**. This contains a health care directive and now replaces legal documents commonly known as durable health care powers of attorney.

3.**Living Will**– a written directive to doctors and hospitals. Applies only if principal has incurable condition or disease and is terminal (expected to die within six months).

The second set question an individual must ask himself or herself: If I were to die, (1) What arrangements will be made for my funeral, including whether I will have a formal funeral service,whether I want to buried and where, or whether I prefer to be cremated; (2) How would my assets – all of my possessions – be passed onto loved ones in the least amount of time and at the least amount of cost?; and (3) How will my leftover bills and my leftover debts be paid and by who?

Important documents that every individual should have and some important tasks that should be performed in planning for one's death:

1. Will or living trust;

2. Irrevocable trust if federal or state estate taxes may be due;

3. Proper titling of assets – if a financial asset is jointly owned (for example, between a married couple), then upon the death of one owner then ownership reverts to the surviving owner by "operation of law"; If assets are singly owned, then there are some assets in which a beneficiary can be designated.

4. Beneficiary designations – are all beneficiary forms filled out and current. The following are the most important beneficiary forms that employees should make sure are filled out and current:

a.**SF 1152**– designation of beneficiary for unpaid compensation and unused annual leave of a deceased employee;

b.**SF 2823**– designation of beneficiary of the Federal Employees Group Live Insurance Program (FEGLI);

c.**TSP-3**– designation of beneficiary for the Thrift Savings Plan; and

d.**SF 2808 (CSRS**) and**SF 3102**– designation of an employee's CSRS contribution and FERS contributions, respectively.

In addition, if an employee can name a beneficiary for a bank account (checking or savings accounts, CD) through a "Payable on Death" (POD) beneficiary designation. A beneficiary for a brokerage account that holds stocks, bonds, mutual funds, ETFs, etc. can be done through a "Transfer on Death" (TOD) designation.

Individuals who own IRAs (traditional and/or Roth) and individual life insurance policies should make sure that beneficiary designations have been made and are current.

Other Considerations and Suggestions for an Estate Plan

1. Are guardians needed for minor children?

2. Is there a letter of instructions? This is a private, informal way of guiding family or an executor in settling one's estate.

3. Does one want to leave an "ethical will"? An ethical will is a spiritual legacy to future generations.

Employees who need to have their estate plan documents drafted or reviewed, including wills, trusts, living wills, and power of attorney should contact an estate attorney licensed to practice law in the employee's state of residence. If an employee moves, perhaps after retiring from federal service to a different state – will these documents still be valid? These documents should be at least reviewed by an estate attorney in the employee's new resident state. The following is an estate planning "quick list" to assist employees in obtaining a proper estate plan:

Estate Planning "Quick List"*

Item	*Yes*	*No*	*Last Review*
Will – *Do you have a will? A will is a key estate document.*			
Revocable trust – *Do you have or need a revocable trust? A revocable (or "Living") trust can be used as a will substitute.*			
Irrevocable trust – *Is an irrevocable trust need to pay estate taxes (federal and/or state) and other settlement expenses?*			
How are assets owned? – *Are assets appropriately "titled" to meet all estate planning goals?*			
Beneficiary designations – *Are beneficiary designations current for life insurance, TSP, IRAs and other assets?*			
Estate settlement costs -• *What has been done to reduce estate settlement costs?* • *How are any remaining costs to be paid?*			
Estate taxes – *Has estate tax planning been done? Under federal law, net estates of less than $11,580,000 (2020) are exempt from federal estate tax. State law may differ.*			

Item	Yes	No	Last Review
Providing for survivors- *· Are guardians needed for minor children? · Do you have any beneficiaries who are minors? · Is professional asset management necessary?*			
If you cannot act for yourself – Do you have: *· A "Living Will?" · A Durable power of attorney for health care ? · A Durable power of attorney for financial affairs?*			
Is there a letter of instructions? – *A private, informal way of guiding your family or executor in settling your estate.*			
Do you wish to leave an "ethical will?" – *An ethical will is a spiritual legacy to future generations.*			

***Source: Ed Zurndorfer, 2020**

For full "FED ZONE" disclosures, please read the 'disclaimers' section

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October 2020 Webinars:

Hosted by Ed Zurndorfer!

10/7/20: *Financial Planning Virtual Training*

10/15/20: *Understanding Your FEGLI Benefits*

10/20/20: *Understanding Your FERS Benefits*

10/22/20: *Understanding Social Security*

10/26/20: *CSRS & CSRS-Offset Benefits*

stwsseminars.com

Health & Wellbeing:

5 Healthy Drinks

Here are 5 of the best ways to stay hydrated-

1. Water

Duh. Can't beat H20 when it comes to health. Doctors say you should drink 2.7 to 3.7 liters daily. To liven it up, try flavored water that doesn't involve sugar.

2. Tea

Especially Green Tea and Peppermint tea. Green tea has antioxidants and Peppermint tea is known to soothe the stomach and relieve stress.

3. Milk

As you have probably known since a young age, milk is a *great* drink for bone health.

4. Coffee

Not the best way to stay hydrated, sure, and the debate rages on between coffee lovers and haters as to the actual health benefits. As a coffee lover, though, I included it on the list.

5. Kefir

A goood source of probiotics, made from milk and yeast.

Fun Fact:

It snowed in the Sahara desert for 30 minutes on February 18, 1979

Kefir^

AGENCY SPOTLIGHT:

National Security Agency

Acronym: NSA

Established: 1952

Located: Ft. Meade, MD

\# of Employees: 30,000+

Leading Director: Paul M. Nakasone

Mission:

"leads the US government in cryptology that encompasses both signals intelligence and [cybersecurity] products and services, and enables computer network operations in order to gain a decision advantage for the Nation and our allies under the circumstances."

source: [NSA.gov](NSA.gov)

15245 Shady Grove Rd, Suite 240 Rockville, MD 20850
301.216.1167 - 855.437.STWS (7897)- 301.216.1160 (fax)

www.stwserve.com