

# M3 FINANCIAL PULSE

## DECEMBER 2020

WWW.M3ADVISOR.COM

## THE MONTH IN BRIEF

Stock prices powered higher and emboldened investors in November thanks to a series of positive news events.

The Dow Jones Industrial Average, which has lagged much of the year, led the rally jumping 11.84%. The Standard & Poor's 500 Index tacked on 10.75% while the Nasdaq Composite rose 11.80%.<sup>1</sup>

1. The Wall Street Journal, November 30, 2020



## FACT OF THE MONTH

**22% of Americans believe their Christmas spending will leave them in debt.** These holiday shoppers expect to be around \$554 in debt on average once the holidays are over. While 72% of Americans were confident their holiday spending wouldn't result in debt.<sup>2</sup>

2. LendEDU, June 18, 2020

S&P 500 Index is an index of 500 of the largest exchange-traded stocks in the US from a broad range of industries whose collective performance mirrors the overall stock market. Investors cannot invest directly in an index. The Dow Jones Industrial Average is a widely watched index of 30 American stocks thought to represent the pulse of the American economy and markets. Investors cannot invest directly in an index.

The NASDAQ is an index that tracks the cumulative results on a market capitalization basis of all stocks trading in the NASDAQ system. Past performance is no guarantee of future results.

\*This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. This information has been derived from sources believed to be accurate. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty.

## SMART YEAR-END MONEY MOVES YOU SHOULD MAKE\*

Do you know how to optimize your finances before saying goodbye to 2020?

**What has changed for you in 2020?** For many, this year has been as complicated as learning a new dance. Did you start a new job or leave a job behind? Did you retire? Did you start a family? If notable changes occurred in your personal or professional life, then you may want to review your finances before this year ends and 2021 begins. Even if your 2020 has been relatively uneventful, the end of the year is still a good time to see where you can manage your overall personal finances.

**Can you take advantage of tax-loss harvesting?** Tax-loss harvesting is the practice of taking capital losses (selling securities worth less than what you first paid for them) to manage capital gains.

**Do you plan on itemizing deductions?** You may just want to take the standard deduction of the 2020 tax year, which has risen to \$12,400 for single filers and \$24,800 for joint filers. If you still think it might be better for you to itemize, now would be a good time to get your receipts and paperwork together.<sup>3,4</sup>

**Are you able to increase your retirement plan contributions?** Contributions to your retirement plans may lower your yearly gross income. If you lower your gross income enough, you might be able to qualify for other tax credits or breaks available to those under certain income limits.<sup>5</sup>

**Are you thinking about year-end gifting?** How about donating to a qualified charity or non-profit organization before 2020 ends? Your gift may qualify as a tax deduction. While we're on the topic of year-end money moves, why not take a moment to review your estate strategy? If you haven't reviewed your beneficiary designations in a while, double check to see if your assets are structured to go where you want them to go. You should also take a look at your will to see that it remains valid and up-to-date.

**Don't forget to check on the amount you have withheld.** If you discover that you have withheld too little on your W-4 form so far, you may need to adjust your withholding before the year ends.

**What can you do before ringing in the New Year?** New Year's Eve may have you eager to say goodbye to the old year and welcome 2021. But, before you make any major moves you should consider consulting with a financial professional.

**Contact us to schedule an appointment to review your financial situation and discuss some year-end money moves you can make to improve your short-term and long-term financial situation.**

3. NerdWallet.com, July 17, 2020

4. Investopedia.com, March 22, 2020

5. Investopedia.com, July 14, 2020