

M3 FINANCIAL PULSE

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THE MONTH IN BRIEF

Stocks were mixed in January, giving up much of the month's gains in the final days of trading, as unprecedented activity in a handful of companies roiled markets.

The Dow Jones Industrial Average dropped 2.04% and the Standard & Poor's 500 Index fell 1.11%. By contrast, the Nasdaq Composite gained 1.42%.¹

1 - The Wall Street Journal, January 31, 2021



FACT OF THE MONTH

So far, **82% of companies** have reported a positive earnings surprise for the fourth quarter of 2020. If that rate holds, it will mark the **second-highest percentage** of EPS surprises since FactSet began tracking the metric in 2008.²

2. FactSet, January 29, 2021



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BE ALERT THIS TAX SEASON*

A guide to 2021 tax law changes and tax preparation...

April 15, 2021 is the deadline the Internal Revenue Service sets for filing your 2020 tax returns. If you believe you will miss that deadline, you should consider filing for an extension.

Here's a quick summary of the major changes for 2020:^{3,4}

- Each of the tax brackets will see an increase
- The deduction limit restrictions will increase for traditional IRAs
- A rise in income limits for Roth IRA contributions
- Contribution limits increase for employer-sponsored plans
- A rise in standard deductions for every filing status
- A rise in limits for HSA contributions
- A rise in estate tax exemption limits
- No required minimum distributions (RMDs) for 2020

How to Prepare

While the tax deadline for tax year 2019 were adjusted to account for issues related to the COVID-19 pandemic, the filing dates in 2021 have not been changed.

There are a few reasons why you may want to consider preparing early:

- Your home, job, or relationships have changed in 2020
- You need to start saving money if you think you may owe taxes
- You want to ensure you qualify for tax deductions

You can make changes throughout the year to help ensure your tax preparations go smoothly. Specifically, you can make periodic assessments of your paycheck withholdings, so that you'll get a refund or reduce or eliminate your tax burden.

You should keep track of and store your tax and other financial records to avoid delays or frantic preparations as the filing deadline approaches. Such records may include W-2 forms, canceled checks, certain receipts, and previous year returns.

As tax time approaches, you may want the help of your financial advisor to begin preparing early to avoid unforeseen challenges. Our advisors are available to help you get your finances in order in preparation for filing your taxes.

3. Yahoo! Finance, January 9, 2021

4. Yahoo! Finance, December 30, 2020