



# Reality Check

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## Planner's Perspectives

### A New Year—Turn the Page

When you raised your champagne glass (or beverage of choice) to ring in the new year, how many of you wished “Good Riddance” to 2020? At this moment, it seems impossible that last year was anything other than a really bad dream for so many people. No one could have predicted that we would endure nearly every disaster known to humanity – except for an asteroid hitting Earth.

Hopefully very soon, the incessant smell of Clorox wipes and hand sanitizer will be replaced with fragrant

candles and aromatic (stinky) perfume.

Hopefully soon we can kvetch about people using their cell phones in the movie theatre, overcrowding the restaurants, and taking all the prime tee times at the golf course.

We may still be leery about shaking hands or hugging strangers, but we may not have to wonder whether the unmasked person is a super-spreader.

Someday, hopefully very soon, the

inconveniences, sorrows and emotional strain caused by COVID-19 will be a distant nightmare in our collective consciences.

And hopefully very soon, we can agree to disagree without being disagreeable or combative.

I am so glad for the new year and, very soon, the opportunity for all of us to return to living our lives of significance.

## Market Check

GDF ↓ .15 HJK ↑ 1.25 RTY ↓ 1.23 IOP ↑ .05 BNM ↑ 12.0 XCV ↑ .20 QEW ↓ .65

While most of the country was quarantining or being locked down in 2020, Wall Street kept on chugging – moved by world events and then completely shrugging them off to move on quickly.

The market had a year's worth of losses in just over a month this spring, only to turn around and pack an entire bull market's worth of gains into less than nine months. Even within the span of a few hours, the market in 2020 would sometimes career to a loss that would have been remarkable for a full year.

Consider one day in March, when the S&P 500 plunged 12% after President Donald Trump acknowledged a recession may be on the way because of the pandemic. That was a worse loss than the index has suffered in 45 of the past 50 years.

Almost as quickly as it plunged, the stock market zoomed higher again when Congressional and Federal Reserve intervention provided some

financial relief.

The markets regained all its losses in less than five months and surged 64% from April through December.

“Everything was so fast. We went from peak to trough in 33 calendar days, which was three times as fast as the 1987 bear market. Feb. 19 was the record. It fell 34% in 33 calendar days,” according to Sam Stovall, chief market strategist at CFRA. “The Fed said we’re going to do whatever it takes, the market said

you don’t fight the Fed and we got to breakeven on Aug. 18, which made it the fastest recovery on record and then we scored 19 new highs since then.”

The good news is that the crazy action for markets last year was likely a singular response to COVID-19, not a preview of a “new normal”. Most pundits say investors can expect movements in 2021 closer to what they were used to, as the economy is

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Key Index Returns	QTD %	YTD %	3-year* %
Dow Jones Industrial Average	10.17	7.25	7.38
NASDAQ Composite	15.41	43.64	23.13
S&P 500 Index	11.69	16.26	12.00
Russell 2000 Index	30.99	18.36	8.75
MSCI World ex-USA**	16.67	8.22	2.22
MSCI Emerging Markets**	19.34	15.84	3.68
Barclay US Aggregate Bond Index	0.67	7.51	5.34



## Market Check

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nursed back to health following the rollout of several Coronavirus vaccines.

If anything, analysts say the whiplash provided another lesson that holding steady is often the best response for investors to crashing prices rather than trying to time the market. Panic selling was (and is) not a profitable strategy.



*"Knowing how to make money, and also how to keep it, either of these gifts will make a rich man." - Seneca*

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### Going Forward

As you know, I am always loath to predict anything. Needless to say, the greatest unknown for 2021 is how quickly the pandemic can be arrested and we can return to "business as usual" and a semblance of normalcy.

Undoubtedly, there is massive amounts of pent-up anxiousness to "get out" when people feel comfortable traveling, eating out, etc. Certainly, many saved a lot of their "discretionary expenses" budget to do all the things they were unable to due to social distancing and are now ready to "party like its 1999". We may see the "Roaring 20s" all over again.

However, as pendulums swing, that euphoria will temper, and normality will return. Valuations have risen quite dramatically, obviously. It certainly would not be surprising (rather welcomed) to see the markets pause and take a 10% – 12% adjustment from these lofty levels. That would be normal behavior and not something to fear or induce panic.

The bottom line is that things are okay from a market perspective.

Should things change, we will stay on top of any market gyrations that need our attention. For now,

### Conclusion

Let's ring in the new year with hope that the rollouts of the vaccines will be successful and allow us to enjoy the things most important to us. Until that time comes, please turn off the news and devices, enjoy the comfortable temperatures and take care of yourselves and those most important to you. Until your time comes to roll up your sleeve, please mask up, physically distance, and do your best to maintain your sanity and sense of humor.



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Reality Financial Planning Services, LLC (RFPS), is a State of Florida Registered Investment Advisor. RFPS is a fee-only, financial planning firm with no minimum asset or net worth requirements. "Fee-only" means no commissions or third-party compensation is ever accepted. The firm is dedicated to providing individuals, families and small businesses with independent, objective advice with a fiduciary responsibility to always put clients' best interests first and foremost.

The firms' primary objective is assisting clients to:

- ⇒ Understand their financial "picture"
- ⇒ Set clear financial goals
- ⇒ Manage their money efficiently and prudently
- ⇒ Measure progress
- ⇒ Achieve financial planning success

The firms' focus is generally placed on:

- ⇒ Cash management
- ⇒ Investment selection
- ⇒ Tax planning
- ⇒ Retirement planning
- ⇒ Estate planning

Because no commissions are ever received from any product or services providers, the firm is free to provide the widest array of options to meet their clients' needs and objectives as they work to achieve their financial dreams. Services are offered on either an hourly-as-needed, specific topic or ongoing retainer basis – whichever is most appropriate for the client.

**Quite fittingly, their motto is "Real Solutions for Real People™"**

**Joe Downs, CFP®** has over thirty years of experience in the financial services industry – with over twenty years providing investment, insurance and financial planning services. From 1993 to 2001, he delivered retirement planning expertise to state and local government employees, law enforcement and education professionals in the St. Louis, Missouri, area. Since moving to the Florida gulf coast, Joe started and was vice president of the Advisory Services program for a Sarasota credit union. Realizing that there is a large segment of the population whose financial planning needs are being underserved and/or neglected, Joe founded RFPS in 2007 to help this critical segment realize their economic potential.

A CERTIFIED FINANCIAL PLANNER™ practitioner, Joe received his Bachelor of Arts degree from Lindenwood University, St. Charles, Missouri. He is a member of the Financial Planning Association (FPA).

**John Cunningham, III, CFP®** has over ten years of experience in financial services. A Florida native, his career started in banking after graduating from The University of Florida. It was banking where he first developed a love of helping individuals, families, and small business owners achieve financial success. John then transitioned to a role that gave him the opportunity to create comprehensive financial plans for clients on a daily basis. For the past two years, he has been delivering income, risk, incapacity, and estate planning to education, medical, and non-profit professionals in Sarasota. He joined RFPS because the firm's fee-only financial planning focus allows him to always put his clients' best interest first.

John is a CERTIFIED FINANCIAL PLANNER™ practitioner and member of the Financial Planning Association (FPA).

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