



KEMP Financial Management, LLC

April 2020: We Are In This Together

We Are Here For You!

While not physically at our office, we are 100% operational and here for you!

You matter to us! You are family! We want nothing more for you than to be safe and healthy. We have your financial well-being covered. Health is first.

Rest assured, there is not a question that is too small or a concern that will go unattended. We are working normal hours and with full speed and a lot of energy.

KFM has the best clients in the world! We are thankful to have had numerous conversations with our clients over the past several weeks to ensure their safety and health. Most clients' first question: Are you okay? The conversations have been inspiring! Thank you!

Thankfully, we are not aware of any clients, family members of clients, or friends of clients that have been inflicted with the coronavirus (COVID-19). Regardless, our thoughts and prayers continue to be for those that are inflicted, for those that are recovering and for those that are on the front lines fighting this war against COVID-19. The thoughts and prayers will continue until we are victorious.

While Rob is the only person physically in the office (stubborn), Lissa, Wyatt, Patrick and Kate are fully operational working from home ([See Facebook posts as well](#)). While we are working remotely, we are able to attend to all incoming calls and continue to hold update meetings through our virtual meeting platform and by phone.

If you would like assistance establishing virtual communication, please contact the office and we would be delighted to get you up and running! It's quick and easy!

Time is Even More Precious

In our January 2020 Newsletter, we introduced our focus for 2020 was going to be Time, specifically Time is Precious. If you would have told us to place a wager in January that by the end of March we would be restricted to Social Distancing, working in the office, 1 package of toilet paper, closure of Disneyland and the Masters would be delayed, we would have gladly taken that bet thinking it would be "easy money".

If you would have told us a byproduct from the madness would be a true "defining moment" in the direction of Community Building, time with family, no travel, community support, food banks, charitable giving, working together, we would have taken that bet too! But here we are, in new territory.

We are yet to come up with the correct adjective. If you have one, let us know. September 11, 2001 and the Great Recession combined into one? Some of our clients that remember World War II liken the most recent days to that as well. However you may describe it, it's uncharted waters.

We hear stories like this all the time. Neighbors buying groceries for neighbors. Neighbors taking out the trash for neighbors. Walks in the neighborhood which used to be 30 minutes takes over an hour because neighbors are talking to each other (at a distance). Zoom and Facetime



The "New Normal" For the KFM Team's Weekly Staff Meetings

visits are at an all-time high. Communities keeping each other informed as to what stores are fully stocked . . . with paper items. Puzzle sharing. On-line quizzes and games. Best movies to stream. What restaurants now deliver or offer take out. Where to get hand sanitizer. It's been a long time since we've witnessed "we are in this together" and it is quite a refreshing change.

To many, it feels like time is standing still. We've heard references to Twilight Zone and Groundhog Day. For



young families, schools are now done at home. No more soccer, little league, NJB, gymnastics or dance. Parents are even working from home.

Grandparents are home too. Often sequestered by their children because they want their parents to stay safe. Many of our clients are travelers. The number of plans that have been postponed is large. In the interim, we've heard about renewed friendships from the past, putting together family trees and even writing biographies to pass the time. Some clients are now well versed at Zoom, Facetime and even Marco Polo! Our clients have been very creative in maintaining their connection with family, friends and loved ones.

As a Team, we look forward to being back in the office together when things return to "normal". We do know everyone is enjoying "not commuting" to the office, which has added each of our Team more time for themselves. Who knows, maybe traffic will forever be lighter with more people working from home.

Things will change. This is a defining moment. Do we know exactly what life will be like when things return to normal? Of course not. But for right now, enjoy the time that we do have with our family, friends and loved ones. Ten years from now, we will remember this event and probably wish we could get back the "time" because the "business of life" is back in full swing.

We will prevail! And we will be better for it! We wish you continued safety and great health!

PS: We had an addition to the KFM Family. Patrick and Gina had their fourth child, a healthy little boy, on March 31st. Now that is a great way to finish the quarter!



Capital Markets Update

Nobody really needs an update because everyone is aware of what is going on in the capital markets. During our regular update meetings in February and March, 99% of our clients did not even want to know what their balance was at the time of the meeting. To that regard, you know we discourage you from looking at your portfolio values day-to-day. It's nothing more than a snapshot in time of a sound long-term financial plan. Don't get emotional should you choose to look at your most recent statements. Remember, this is all part of process and this too will pass. It will get better.

In reading, watching and listening to economic forecasts, let us be truthful, nobody knows what the future holds. From dire to optimistic predictions, nobody holds the proverbial crystal ball. For 33 years, we have encouraged you to see the financial media for what it is, "noise". This has not changed. Please turn it off and do something worthwhile with your Time.

We've spent countless (wasted) hours listening and reading this stuff. We do not know, nor does anyone know, if we hit "bottom" in the capital markets on March 23, 2020. We are all hopeful it was, but we do not know, nor does anyone else. Most market pundits believe we will see continued turmoil in the markets. We might. Regardless, here are two profound quotes that might be helpful: "Those who stay in their seat, will be better served" (Gerard O'Reilly) and "As a trained fighter pilot, you have to keep flying the plane" (Barry James). We can't know when it's going to turn out all right, we just know that it's going to turn out all right.

We are here to keep flying the plane, while you stay seated so that nobody suffers from the "great mistake".

On the flip side, the predictions for the capital markets to return to their recent highs by the end of 2020 sound fantastic! Nobody will complain if we get there! Larry Kudlow said it best: "Don't bet against America". We do

live in the greatest Country with endless ingenuity. Do not underestimate the energy and talent of private enterprise.

Now, what we do know. Each of you have chosen a long-term game plan to assist in your financial well-being of not running out of money on our watch. We can't know exactly how things are going to turn out all right, we just know that things are going to turn out all right. We can't know when it's going to turn out all right, we just know that it's going to turn out all right. Lastly, we don't care what seems to be working now, we care about what always works, and we are going to keep doing what always works. We have faith in the future. Keep the faith.

We said it earlier, we have the best clients in the world. Should you have any concern about your current financial situation or simply just need to have your questions answered, please schedule a meeting through our KFM website (kempfm.com/schedule) or give us a call. We would be honored to discuss your current situation at any time. We are here for you!

Please also pat yourselves on the back for staying true to your long-term financial plans. We have your back. We have your playbook intact. We are executing just as we discussed since you first became a client. Please be comforted in knowing we are on your team. You are family!

Legislative Update

Probably the most significant update for many of our clients from the most recent CARES (Coronavirus Aid, Relief and Economic Stimulus) Act is relief from Required Minimum Distributions (RMD) for 2020. All RMDs for 2020 have been suspended, including distributions from Inherited IRAs. That is correct, you are not required to take RMDs for 2020. This will allow for planning opportunities when you meet with us for your regularly scheduled update meeting.

There are many more planning opportunities as well as financial support coming from CARES. We encourage you to contact our office should you have any particular questions relating to your current circumstance.

Here's a brief summary of important tax provisions that come from CARES:

- Filing of tax returns and payment of taxes due for 2019 extended to July 15, 2020. Includes 1st estimates for 2020 that are normally due April 15th.

- 2nd estimates due June 15, 2020 are not delayed. They are due no later than June 15, 2020.
- Extension of time to file until July 15, 2020 is automatic. No additional paperwork is necessary.
- New stimulus law approved by Senate, House and signed by President Trump.
- Payments \$1,200 to each individual based on adjusted gross income thresholds; \$75,000 for individuals who filed single, \$112,500 for individuals who filed head of household and \$150,000 for individuals who filed married joint. Based on 2019 tax returns if available or 2018 tax returns if 2019 tax returns not yet filed. Will eventually be based on 2019 income tax returns filed. Any subsequent adjustment will occur in 2020 (or when 2020 income tax returns are filed). Ultimately will be based on 2019 returns. Still a good idea to file 2019 tax returns as soon as they are available. Payment of taxes due can be delayed until July 15, 2020.
- Required minimum distributions (RMD) now age 72 starting in 2020. If age 70½ prior to 2020, then old rules apply. However, RMD is suspended for 2020.
- Monthly payments of principal and interest on student debt (person responsible for the debt) suspended through September 30, 2020. No penalties.
- An exclusion from income for employer payments made on employee student loans paid before January 1, 2021.
- Reinstatement of net operating loss carrybacks for taxable years 2018-2020 and repeal of 80% taxable income limitation for same years.
- Penalty- free withdrawals of applicable retirement funds up to \$100,000 and income recognized over 3 years.
- Paycheck Protection Program – fewer than 500 employees, small businesses including 501 C 3 entities, sole proprietors and independent contractors, loans up to 10 million to retain workers and maintain payroll or make mortgage, lease and utility payments. Some or all of the loan may be forgiven.

We are not tax professionals and we highly recommend you speak with your tax professional should you have any questions from the provided summary.