



KEMP Financial Management, LLC

January 2021: There is Light at the End of the Tunnel

Happy New Year! While 2021 will still have the spillover effect of 2020, we hope the New Year brings forth hope and opportunity for good things ahead.

Normally we provide a summary of the year, but candidly we do not feel like rehashing the year in detail. So our attempt at a “Reader’s Digest” version is: A pandemic hit late February, stock market as measured by the S&P 500 dropped by over 34%, protests over civil unrest began in May, millions of people lost their jobs, hundreds of thousands have passed from the pandemic and other tragedies, markets have recovered, lock downs returned, unemployment still high, vaccines begin to be phased in and a New Year begins. Thankfully, 2020 is behind us!

For the majority of our clients, they and their families were healthy, working, with very little change other than work environment or cancelled travel plans. Most clients continued to see their family using social distancing and virtual communication. For the longest time, we were surprised to hear how few were ill or negatively impacted financially.

It was only recently that the pandemic hit closer to home, as a child of a client was lost due to the Coronavirus. We also lost a client, just last week. A new client, that we just helped determine that they could financially retire. In going through our process, they came to realize they could retire and in fact, live the lifestyle they dreamed about for the remainder of their lifetimes. Plans were beginning to move into action when unfortunately one of them fell ill to Covid. Very sadly, we lost them in just a matter of a few days.

These were significant losses to all of us, just like all losses are! As financial advisors, one of the most disheartening aspects of our role is transitioning wealth (AKA clients passing away). It’s even harder when it’s unexpected, cutting life short by 30-40 years.

But it also puts things into proper perspective. If anything, the experience makes our mission and vision even more clear. Life is precious. Time is meaningful.



2021 is here. The vaccine is here. Our desire for each of you is to pursue what matters most in your life, every day. While we know 2020 limited those desires to a certain degree, we also know 2020 inspired some new thoughts that you never knew existed. Together, let’s look forward to 2021 and beyond knowing we still need to get over some carryover, but the light is nearer to the end of the tunnel than it was just yesterday and it will be even closer tomorrow and the next.

We look forward to connecting in the upcoming weeks. If there have been any changes to your personal financial situation that we do not already know about, please contact us in the next few days to set up your next update meeting. In the interim, if you have any questions or concerns, please do not hesitate to contact our office. Stay safe, healthy and connected!

Capital Markets Update

You probably have already peeked at your year-end values since the year ended a few weeks back. We hope that you were pleasantly surprised by the final results of the year.

You will not be surprised to hear that none of the KFM team members predicted where capital markets would be at year end when asked in March of 2020. While we were all optimistic things would improve. We certainly were not optimistic enough with how the capital markets finished.



What does 2021 hold for the financial markets? After 33 years of writing a New Year newsletter, you know we always start with “we do not have the proverbial crystal ball”. The beginning of the year commentaries are quite optimistic. In fact, we cannot recall a time in the last 33 years where there has been so much optimism. Even the majority of the financial press is upbeat. While we do not hold much value in reading and listening to the financial media, the more recent predictions are a nice change of pace from what we’ve been dealing with in the last 10 months.

What we do know about January predictions is that they are all over the map. For everyone one positive prediction you have a negative. Who is going to be right? Generally, neither. Our experience shows that more often than not somewhere in the middle of the opposites will eventually be reality.

Our continued recommendation is to spend your time pursuing what matters most in your life while NOT listening or reading the financial press. Time is precious and it’s been made clearer than ever before given the current times we live in.

Lastly, what’s most important to KFM is the continued health and safety of our clients. We want nothing more for our clients! A return to anything more closely resembling pre-covid would be a welcome change for everyone. Trips that were planned, weddings that were postponed, family reunions postponed, the list is endless. We are most hopeful that at some point in 2021, life as our clients desire, will return.

One of our desires is for meetings to return to “in the office, face to face”. However, as much as that is our desire, we believe it continues to be prudent to continue virtual meetings for the foreseeable future. We are



grateful that all of our clients have embraced this new methodology, but hope we can return to some semblance of “normal” in 2021.

Thank You for Your Input!

We cannot thank you enough for participating in our Client Survey for 2020. With almost half of our clients responding, your feedback is most helpful in helping us identify areas that work well along with your suggestions in areas that could use some fine tuning. While we did not uncover too many surprises, we look forward to implementing new opportunities into 2021.

Thank you once again for the high marks on “referability”. Your team at KFM could not be more thankful as we scored higher than most firms participating in the survey. While there is not much we can do with that data other than pat ourselves on the back, we do want to take the time to thank you for the many recommendations we have received in 2020 and have already received in 2021.



Thanks to the pandemic, we have strengthened our processes around “virtual” on-boarding. While we have always been able to facilitate recommendations of people who live out-of-state, the pandemic has actually encouraged people who live outside of Southern California to consider working with us even though we are not “local” to their communities. This has significantly expanded our opportunity to help others in need of trusted financial advice regardless of their location.

Some projects that come from the survey will include enhancing our website, client portal and the introduction of a mobile app by the end of the second quarter. We will keep you posted as these projects and many more progress.

Legislative Update: Stimulus 2.0

After nearly six months of back-and-forth negotiations, and in response to the economic hardship that many Americans face from the ongoing COVID-19 pandemic, Congress proposed a new, \$900 billion relief package approved late last year.

Many elements—like stimulus payments and PPP loans—will sound familiar from earlier this year. So rather than spend time on what’s included, we thought we would focus on what’s not.

What’s *not* included in the Consolidated Appropriations Act of 2021?

Understanding what’s not in the stimulus and relief package – that is, what didn’t carry forward – can also be helpful for planning purposes. To this end, the following are issues/items that it did not address.

- *No waiver of future Required Minimum Distributions (RMDs)*
- *No additional relief for unwanted 2020 RMDs*
- *No further student loan relief*

While we were hopeful the RMDs would not be required once again in 2021, based on what we know now, RMDs will need to be satisfied by year end. We will be discussing this with you in your upcoming meetings. Some clients may choose to wait until year end (hoping

the rules might change) while others may want to begin taking their RMDs now.

We have much more detail relating to the most recent stimulus package. Please feel free to email Wyatt (wyatt@kempfm.com) or Patrick (pjoyce@kempfm.com) should you like a more detailed explanation of the package.

We are looking forward to the New Year with you! In the first few weeks of meetings, we have been encouraged with the plans that are being set for 2021. While some of them will be “subject to change”, it’s a nice change of pace to hear stories for events for the year. We look forward to meeting with you in the upcoming weeks. As always, please do not hesitate to contact us for any reason, even if it’s simply just to say “hello”.

