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October 28, 2020

Dear Client,

This letter contains news and views that I feel will be of interest to you. As always, please call us at your convenience to set up your quarterly investment meeting.

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**Going, Sebastien, Fisher & Le Bouef, LLP News:**

- GSF&L constantly researches asset classes that may be suitable for clients’ portfolios to add diversification (reduce risk). We offer Insurance-Linked Securities, Alternative Lending, Market Insurance, and other Alternative Strategy Securities, Realty, and Real Assets, so feel free to contact us for more details. The strategies have a low to moderate correlation to a Global Equities/Global Fixed Income mix; therefore, adding diversification to portfolios.
- Please make note of the above letterhead indicating our other office located in Lafayette. We have been operating in Lafayette since early 2017. Should you wish to meet or come visit please do not hesitate to do so.

**Investment Views:**

- **Market Watch - Through September 30, 2020 - Year-to-date returns** – Dow Jones Industrial Average -3.77%, S&P 500 4.09%, NASDAQ Composite 24.46%, Global Dow - 9.70%, Russell 2000 -9.08%, and Morgan Stanley Capital International Europe, Australasia, Far East -9.45%, Barclays US Aggregate Bond 6.63%.
- **American Institute for Economic Research Rates of Interest (As of September 23, 2020 – Average National Rates) –**

Federal Funds Rate	0.09%	10-Year TIPS	-0.94%
3-Month Treasury Bill	0.10%	10-Year Muni Bonds – Nat'l	0.85%
10-Year Treasury Note	0.68%	15-Year Mortgage Fixed	2.35%

30-Year Treasury Bond      1.42%                      30-Year Mortgage Fixed      2.87%

- **Northern Trust – Weekly Economic Commentary – October 12, 2020** – The U.S. presidential election polls are showing an increasing lead for Democratic candidate Joe Biden against President Donald Trump. And markets have been relatively calm just weeks ahead of the election. What could be contributing to this steadiness, and could we be setting ourselves up for an election correction? Financial markets are fixated on the next round of fiscal stimulus, which remains caught up in negotiations. Democrats are viewed as more likely to support additional fiscal expansion, which the stock market would view favorably. On the flip side, a hike in corporate taxes proposed by the Democrats could cut earnings of companies in the S&P 500 index by around 7%.
- **Bureau of Economic Analysis – September 30, 2020** - Real Gross Domestic Product (GDP) – the value of goods and services produced by the nation’s economy less the value of the goods and services used up in production decreased at an annual rate of 31.4% in the second quarter of 2020, according to the “third” estimate released by the Bureau. Real GDP increased 5.0% in the first quarter. Personal income decreased 2.7% in August as compared to a 0.5% increase in July. Consumer spending increased 1.0% in August as compared to a 1.5% increase in July.
- **Bureau of Labor Statistics – October 13, 2020** – On a seasonally adjusted basis, the Consumer Price Index for All Urban Consumers increased 0.2% in September after rising 0.4% in August. Over the last 12 months, the all items index increased 1.4% before seasonal adjustment. The index for used cars and trucks continued to rise sharply and accounted for most of the monthly increase in the seasonally adjusted all items index. The food index was unchanged, and the energy index rose slightly.

### **Craig’s Thoughts and Views:**

#### **Elections and Markets**

As in other years leading up to an election, investors are swamped with journalistic headlines and pundit political opinions about the potential electoral outcomes. Economists and investment professionals weigh in on the resulting implications for capital markets. In addition, with the uncertainty around health care, voter fraud, and possible economic impacts of a global pandemic; the noise has been amplified. The ascent of social media has fanned the flames by stirring our biases rather than appealing to our reason. As compared to other election years, it may be as important as ever to set emotions aside and consider some data.

Many investors tend to link presidential politics with the direction of the stock market. Certainly, presidents can impact the markets, however there are numerous other factors that also have an impact. Investors should consider that the markets reflect investors’ expectations regarding many factors, including elections. To change your investment allocation in anticipation of the election’s outcome could be considered a short-term bet against the collective wisdom of thousands of investors.

As a recent comparison between February 2016 (cyclical bear market) and March 2020 (pandemic) the market surged off both lows. Looking additionally at time periods moving closer to the two elections, there is a similarity of major price indexes trading above their price envelopes. In September 2016, the S&P 500 spent most of September moving sideways before sliding lower into the election. October 2016 had the S&P 500 continuing to slide lower ahead

of the election. Stocks accelerated lower and bottomed on Friday November 4 ahead of the election and then began to rally into the November 8 election day. Overnight after the election, stock futures fell dramatically lower before rebounding to close higher on November 9. A long-term rally then began. During September 2020, the S&P 500 was in an uninterrupted 3-month rally heading to a September 2 all-time high. Most of September was then spent in a downward correction.

Historically, stock market data make clear that stocks have trended up across administrations of both parties. Investors who are unnerved by media speculation may want to consider their long-term goals, review their risk tolerance, and maintain an allocation that is appropriate to those ends.

The below represents the growth of \$100 during the captioned time period.

March 4, 1929–June 30, 2020

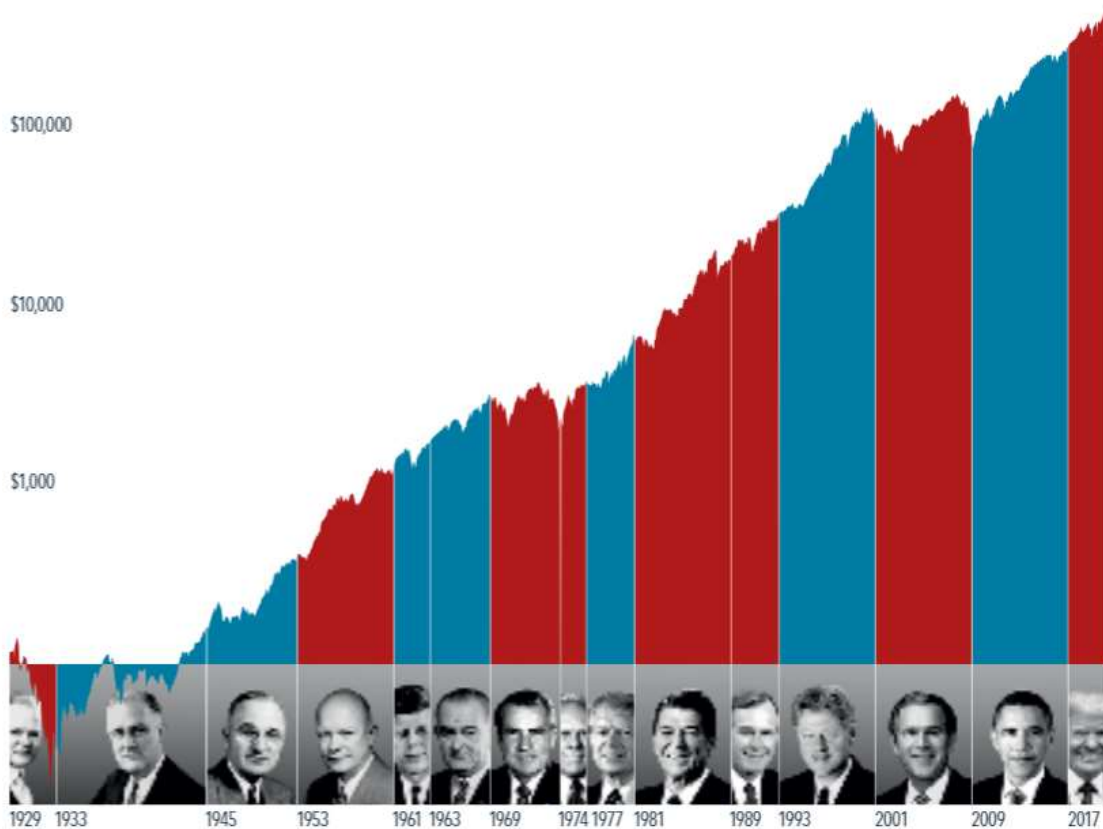


Chart provided by Dimensional Fund Advisors, LLP.

### **Pre-Retirement – Claiming Social Security**

According to Social Security, 50 percent of married couples and 70 percent of unmarried people count on Social Security income for half or more of their total income. This article covers the basics regarding who qualifies for Social Security income, how the benefits are calculated, and what factors should be considered on when to take benefits. Investors approaching retirement should establish an online Social Security account. It is also worth contacting the

local Social Security office to discuss potential benefits. The full retirement age is 67 for workers born in 1960 or after, and it is lower for older retirees.

### **Who Qualifies?**

The Social Security office provides a table and information on who qualifies for retirement benefits. Some government workers with pensions do not qualify for Social Security as a result of the “windfall elimination provision.” In general, you qualify based on your own work history, the work history of a current spouse, or the work history of a deceased spouse.

### **How are Benefits Calculated?**

Benefits are based on earnings history. The full retirement benefit is calculated based on the worker’s highest 35 years of earnings. For those with, say, 33 years of earnings, \$0 will be used in the benefit calculation for the last 2 years. Workers with less than 35 covered years will therefore have a lower “average” lifetime earnings and monthly benefit. Workers with less than 35 years of earnings history can increase their benefits by working additional years.

Social Security benefits are indexed for inflation based on the Consumer Price Index. For example, benefits increased 2.8 percent in 2019 and 1.60 percent in 2020. However, there have been a few years since 1975 when a cost-of-living adjustment was not applied to benefit.

### **Age to Claim**

You may start receiving benefits as early as age 62. However, if you begin your benefits early, your benefits are reduced permanently. Your benefit is reduced about one-half of 1 percent for each month you start your Social Security before your full retirement age. For example, if your full retirement age is 66 and you sign up for Social Security when you are age 62, you would only get 75 percent of your full benefit.

If you were born before 1943, you were eligible for your full Social Security benefit on your 66<sup>th</sup> birthday. In 2003, the age at which full benefits are payable began to increase gradually. The following chart shows the various full retirement age beginning in year 1943:

<i>Year of birth</i>	<i>Full retirement age</i>
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and after	67

If you choose to delay receiving benefits beyond your full retirement age, your benefit will be increased by a certain percentage, depending on the year you were born. For example, if you were born in 1943 or later, your benefit would increase 8.0 percent for each year between your full retirement age and age 70, that you did not get retirement benefits.

## **Continue to Work**

If you continue to work but claim benefits before your full retirement age, your benefits will be reduced while you work. However, those benefits are not lost and are instead deferred until after your full retirement age. After you reach full retirement age, and you continue to work, your benefits will not be reduced. Remember that working additional years can also increase the earned benefit by increasing lifetime earnings.

## **Earnings and Taxation**

Social Security benefits are likely to be taxable for many people, depending on other income. The tax calculation is rather complicated, but higher earning taxpayers should expect up to 85 percent of benefits to be subject to taxation.

## **Should you Delay?**

Unless you have perfect knowledge of the future, there is virtually no way to “game the system” to ensure you claim at the optimal age. However, financial planners and academic research often recommend that healthy people delay benefits to age 70, when benefits will be maximized. The reasoning is that by delaying the start of Social Security benefits, you create a higher floor of guaranteed income. This allows for other retirement savings to last longer while protecting against three primary retirement risks: longevity risk, the risk of living longer than expected; market risk, benefits are not dependent on stock and bond returns; inflation risk, benefits do include cost-of-living increases.

## **When to Claim?**

Should you decide to delay receiving benefits until age 70, it does come at a cost. By waiting to claim until age 70, you give up 8 years of potential benefits. Consider the following scenarios when it may make sense to take benefits before age 70:

1. If you are in poor health you may want to begin before age 70. However, the higher earning spouse of a married couple should consider the life expectancy of his or her spouse. A surviving spouse is entitled to 100 percent of the primary worker’s benefit, including delayed retirement credits.
2. For married couples with a primary earner, the non-working spouse will receive spousal benefits instead of his or her earned benefit while both spouses are alive. Therefore, a non-working spouse should probably not delay claiming past full retirement age.
3. Those who qualify for survivor benefits may consider claiming early, and “switching” from a survivor benefit to an earned benefit, or vice versa.
4. People with significant guaranteed income from other sources, such as pensions or substantial investment assets, may decide to claim early. These people can make the argument for taking benefits early and investing the proceeds potentially creating a larger nest egg for the unexpected or larger bequest to heirs. However, market returns are never guaranteed.
5. Delaying is simply not a realistic option. Some workers who are forced to leave their jobs with no other source of income may have little choice but to claim benefits early.

## Applying

An application to begin benefits is available online at [www.ssa.gov](http://www.ssa.gov), although many people still choose to set up a meeting at their local office to apply for benefits. It is recommended to apply for benefits at least three months before you want to begin receiving them. The Social Security office will ask for basic documents at the time of application, including your Social Security number, a birth certificate, and a W-2 or tax return from last year. Benefits are set up as a direct deposit into a bank account and can be set up to withhold estimated taxes and premiums for Medicare.

### **GSF&L, LLP Registered Investment Advisors:**

We can never know what the future holds, but we can make informed decisions regarding investment strategies and portfolio allocations. We (GSF&L) make changes based on our perception of opportunities in the capital markets. We assimilate fundamental, technical, and economic information to make informed decisions. Of course, it is important to have long-term focus on portfolio management, but with a critical analysis of intermediate strategies.

Managing risks and opportunities are important to portfolios and reaching one's financial needs and goals. Having a complimentary understanding of investment horizon and attitude toward risk are equally important. Markets and economies do not always behave as we expect them to. That is the problem with investing! There is no luck to professional investing. You can no more have a successful, disciplined approach by luck or accident than you can win a chess tournament by luck or accident.

If you know of someone who may fit our financial and investment planning philosophy, please mention our name. We are a small organization and intend to remain so. A solid organization makes it possible for us to spend our time managing our business rather than each other. Because everyone has so much to do, much gets done. We will forego any growth opportunity that may detract from our ability to serve our clients as they have become accustomed to. We never expect to be among the biggest, but our attention to be among the best is not subject to compromise.

Regards,

*Craig*

Craig C. Le Bouef, MBA, CPA/PFS, CFP®

NASDAQ composite measures the performance of all issues listed in the NASDAQ Stock Market, except for rights, warrants, units, and convertible debentures. The S&P 500 is made up of 500 common stocks representing major U.S. industry sectors. The Dow Jones Industrial Average contains 30 stocks that trade on the New York Stock Exchange (NYSE) which reflect the performance of 30 large American companies. The Morgan Stanley Capital International Europe, Australia, and Far East Index (MSCI EAFE) is a market-weighted aggregate of 20 individual country indexes that collectively represent many of the major markets of the world, excluding Canada and the U.S. The Lehman Brothers U.S. Aggregate Bond Index tracks performance of debt instruments issued by corporations and the U.S. Government and its agencies. The returns for this index are total returns, which includes reinvestment of dividends. The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 index, which represents approximately 8% of the total market capitalization of the Russell 3000 index.

All indices are unmanaged. It is not possible to invest in an index.

Past performance is no guarantee of future results. Diversification does not assure against market loss.