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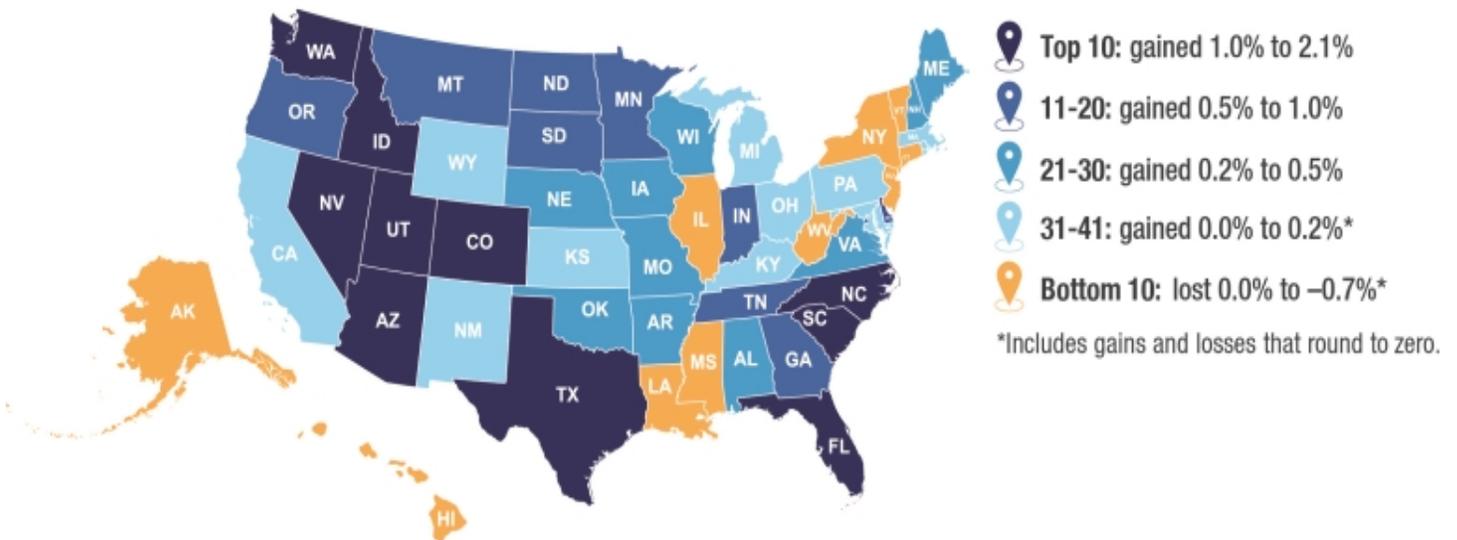


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Please make sure to read John Stewart's article on the COVID-19 Impact below.

State Population: Winners and Losers

The U.S. population was 328,239,523 in 2019, an increase of 0.5% over 2018. This was the fourth consecutive year of slowing population growth due to fewer births, more deaths, and lower immigration from other countries. Forty states and the District of Columbia gained population, while 10 states lost population. Here are the winners and losers based on percentage increase or decrease in population.



Source: U.S. Census Bureau, 2019

Vaccine on the Way . . . ?

The stock market continues to show resilience in the face of dire economic data. How is this possible? For one, the stock market is forward looking, and it is already expecting a gradual improvement in the economy and corporate earnings as we move into the second half of 2020. This is not an unreasonable expectation, as the growth rates in COVID cases and deaths continue to decline and more businesses are allowed to reopen their doors each week. In addition, there have been reports of promising results out of early-stage trials for a coronavirus vaccine. Nothing would be more helpful in getting equity markets back to new highs than the promise of being able to return to life as we knew it pre-COVID – something that a vaccine is likely to provide on a faster timeline.

The good news is that the worst news is likely behind us at this point. Nevertheless, U.S. equities are now quite expensive relative to most measures of value based on high expectations for a strong recovery in the coming quarters. Growth stocks have become especially expensive on most any valuation metric. This makes sense due to the defensive nature of growth assets, along with the fact that many of the companies in this group have been the least exposed (or have even benefitted) to coronavirus risks – think technology and e-commerce. Despite the temptation to concentrate portfolios in stocks like Amazon and Netflix, investors would be wise to continue to keep portfolios well-diversified among various types of equity and fixed income investments in spite of extremely low yields on the latter. Additionally, some exposure to alternative asset classes like commodities and real estate is warranted.

It has become especially challenging to assess the impact, and the potential for unintended consequences, of the massive monetary and fiscal policy response to the pandemic. Thanks to the U.S. Federal Reserve, money supply growth recently hit a new all-time high. The federal government has added trillions of dollars in stimulus spending and is talking about trillions more. While the U.S. is in a unique position to execute upon these initiatives because of the U.S. dollar's position as the most prominent global reserve currency, our capacity for profligacy is not unlimited. Extreme action may have been necessary to fight the current downturn, but the cost will likely be paid in higher taxes, higher inflation, and a diminished ability to spend going forward. The most important question for investors to answer now is how the cost will be allocated among the three aforementioned items. Stay tuned.

Five Key Benefits of the CARES Act for Individuals and Businesses

By now you know that Congress has passed a \$2 trillion relief bill to help keep individuals and businesses afloat during these difficult times. The Coronavirus Aid, Relief, and Economic Security (CARES) Act contains many provisions. Here are five that may benefit you or your business.

1. Recovery Rebates

Many Americans will receive a one-time cash payment of \$1,200. Each U.S. resident or citizen with an adjusted gross income (AGI) under \$75,000 (\$112,500 for heads of household and \$150,000 for married couples filing a joint return) who is not the dependent of another taxpayer and has a work-eligible Social Security number, may receive the full rebate. Parents may also receive an additional \$500 per dependent child under the age of 17.

The \$1,200 rebate amount will decrease by \$5 for every \$100 in excess of the AGI thresholds until it completely phases out. For example, the \$1,200 rebate completely phases out at an AGI of \$99,000 for an individual taxpayer and the \$2,400 rebate phases out at \$198,000 for a married couple filing a joint return.

Rebate payments will be based on 2019 income tax returns (2018 if no 2019 return was filed) and will be sent by the IRS via direct deposit or mail. Eligible individuals who receive Social Security benefits but don't file tax returns will also receive these payments, based on information provided by the Social Security Administration.

The rebate is not taxable. Because the rebate is actually an advance on a refundable tax credit against 2020 taxes, someone who didn't qualify for the rebate based on 2018 or 2019 income might still receive a full or partial rebate when filing a 2020 tax return.

2. Extra Unemployment Benefits

The federal government will provide \$600 per week to those who are eligible for unemployment benefits as a result of COVID-19, on top of any state unemployment benefits an individual receives. Unemployed individuals may qualify for this additional benefit for up to four months (through July 31.) The federal government will also fund up to an additional 13 weeks of unemployment benefits for those who have exhausted their state benefits (up to 39 weeks of benefits) through the end of 2020.

The CARES Act also provides assistance to workers who have been affected by the COVID-19 pandemic but who normally wouldn't be eligible for unemployment benefits, including self-employed individuals, part-time workers, freelancers, independent contractors, and gig workers. Individuals who have to leave work for coronavirus-related reasons are also potentially eligible for benefits.

3. Federal Student Loan Deferrals

For all borrowers of federal student loans, payments of principal and interest will be automatically suspended for six months, through September 30, without penalty to the borrower. Federal student loans include Direct Loans (which includes PLUS Loans), as well as Federal Perkins Loans and Federal Family Education Loan (FFEL) Program loans held by the Department of Education. Private student loans are not eligible.

4. IRA and Retirement Plan Distributions

Required minimum distributions from IRAs and employer-sponsored retirement plans will not apply for the 2020 calendar year. In addition, the 10% premature distribution penalty tax that would normally apply for distributions made prior to age 59½ (unless an exception applied) is waived for coronavirus-related retirement plan distributions of up to \$100,000. The tax obligation may be spread over three years, with up to three years to reinvest the money.



The CARES Act provides economic relief for individuals and businesses affected by the coronavirus pandemic.

5. Help for Businesses

The CARES Act includes several provisions designed to help self-employed individuals and small businesses weather the financial impact of the COVID-19 crisis.

Self-employed individuals and small businesses with fewer than 500 employees may apply for a Paycheck Protection Loan through a Small Business Association (SBA) lender. Businesses may borrow up to 2.5 times their average monthly payroll costs, up to \$10 million. This loan may be forgiven if an employer continues paying employees during the eight weeks following the origination of the loan and uses the money for payroll costs (including health benefits), rent or mortgage interest, and utility costs.

Also available are emergency grants of up to \$10,000 (that do not need to be repaid if certain conditions are met), SBA disaster loans, and relief for business owners with existing SBA loans.

Businesses of all sizes may qualify for a refundable payroll tax credit of 50% of wages paid to employees during the crisis, up to \$10,000 per employee. The credit is applied against the employer's share of Social Security payroll taxes.

Why You Might Need Disability Income Insurance

Your ability to earn an income may be your most valuable asset. It might be difficult to make ends meet if you are unable to work due to illness or injury.

According to one report, only 34% of men and 20% of women said they felt extremely confident in supporting their households during a period of income loss.¹ It's important to assess your own situation and determine whether you have appropriate financial backup in the event that you cannot work due to a disability.

Your employer may offer long-term disability coverage, but you could lose your subsidized coverage if you change jobs. Even if you remain covered through your job, group plans typically don't replace as large a percentage of income as an individual plan could, and disability benefits from employer-paid plans are taxable if the premiums were paid by the employer.

An individual disability income policy could help replace a percentage of your income (up to the policy limits) if you're unable to work as a result of an illness or injury. Depending on the policy, benefits may be paid for a specified number of years or until you reach retirement age. Some policies pay benefits if you

cannot work in your current occupation; others might pay only if you cannot work in any type of job. If you pay the premiums yourself, disability benefits are usually free of income tax. And the policy will stay in force regardless of your employment situation as long as the premiums are paid.

Social Security offers some disability protection, but qualifying is difficult. And the monthly benefit you might receive (\$1,258, on average) will probably not be enough to replace your lost income.²

Having an individual disability income insurance policy could make the difference between being comfortable and living on the edge.

A complete statement of coverage, including exclusions, exceptions, and limitations, is found only in the policy. It should be noted that carriers have the discretion to raise their rates and remove their products from the marketplace.

1) Council for Disability Awareness, 2019

2) Social Security Administration, 2020

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