



Your Monthly Compass

APRIL 2020

IN THIS ISSUE

Reset and Restart
a message from Steve

Education Refunds
and 529 accounts

RMD Changes
due to CARES Act

Estimated Taxes
due date extension

'Great to Good'
campaign update

22 MONUMENT SQ
STE 300
PORTLAND, ME 04101

207.274.2500

GREATDIAMONDPARTNERS.COM

Reset and Restart | Sunday, April 26, 2020



Perspective is relative. What used to be significant one day is no longer. What used to be insignificant means the world today. Perspective, by definition, not only varies with time but from person to person.

This morning I went for a long run at Bradbury Mountain State Park. More than exercise, it is where my mind wanders, solves challenges and occasionally shuts down. The "mountain" has a whopping elevation of 470 feet. It's no Mt. Washington, elevation 6,288 feet, however at the end of my run it takes a concerted effort to keep going to the top.

In today's environment, the formerly desired "a little free time at home to get chores done" is laughable. With a few important exceptions, most people are desperate for busy schedules, especially those who have unfortunately lost their jobs. Given that services (think retail, tourism, food) are the largest segment of the economy and necessarily the hardest hit by the shutdown, an enormous number of people are without work.

Unemployment statistics require a new perspective today. From when the Department of Labor began tracking weekly jobless claims in 1967 until March 2020, there have been 2,756 weeks. During that time, the country faced challenges including oil embargos, the Cold War, various hot wars, 9/11, and the global financial crisis (GFC). In March 2009, the GFC generated the highest figure for weekly claims at 665,000.¹ A graph displaying claims used a scale, or vertical y-axis, ranging from zero to 700,000. For more than 52 years, our perspective on unemployment claims fit nicely on this graph.

Today, that y-axis needs to be completely reset. The last five weeks have produced 2.9, 6.2, 6.0, 4.9 and 4.2 million unemployment claims. When you reset the y-axis with a scale of zero to seven million, previous jumps in the graph seem like Bradbury sitting next to Washington. They are entirely insignificant. What we are dealing with now is on a whole new scale.

¹ macrotrends.com

But is it entirely new? Is all hope lost? Actually, I'd argue just the opposite. While the statistics paint a daunting picture, there is a critical characteristic of this economic crisis - it is man-made. We decided to shut the economy down to mitigate the impact of the current health crisis. Fundamentally, the economy was in good shape without excesses that typically lead to a slowdown. In my opinion, we intentionally got ourselves into this economic mess and therefore we should have far more control over getting out of it.

There's historical precedent for this. In 1980 the economy struggled with meaningful inflation, peaking at 14.7%. [Again, perspective...for nearly the last 30 years the highest has been 4%.]² That same year, Federal Reserve Chairman Paul Volker intentionally caused a recession - his weapon was higher interest rates, hiking them to 20%, and his enemy was inflation. The ensuing recession led to 2.5 million people being laid off. Once the battle was won, they went back to work and the country entered a long-term economic expansion.

Returning to the current situation, it's important to recognize that we are on the clock. Time matters. The longer the shutdown goes, the more permanent the damage will be, especially to the 20 million small businesses in the country that employ about 135 million workers. Of these, 50% will need to stop operations if the current economic conditions last more than two months.³ This is exactly why we are wrangling over how and when to reopen and restart. Open soon and save small businesses and therefore the economy, or open slowly to prevent the health crisis from getting worse. It's not an easy decision, and opinions are largely influenced by people's perspectives - employment, politics and economic security.



STEVEN TENNEY
Founding Partner & CEO

² thebalance.com ³ The Wall Street Journal

EDUCATION REFUNDS AND YOUR 529 ACCOUNT

Have you received a reimbursement from your educational institution? And did you originally pay a portion of these costs using withdrawals from your 529 College Savings Plan account? To avoid tax consequences, 529 plan account owners should consider recontributing refunded amounts into their accounts. **This must be done within 60 days from the date the refund was issued.** Alternately, you can leave the funds at the institution and apply it to the next semester.

ESTIMATED TAXES DEADLINES

The deadlines for the first and second payments of estimated taxes have both been extended to July 15, 2020. Please refer to **this payment chart** from the IRS.

2020 REQUIRED MINIMUM DISTRIBUTION (RMD) CHANGES

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, recently passed into law, allows retirees to forgo taking Required Minimum Distributions (RMDs) from IRAs or 401(k)-type plans this year. Read **this article** for more helpful details.

'GREAT TO GOOD' CAMPAIGN \$12,500 = 11,160 MEALS

We have raised over **\$12,500** to support Good Shepherd Food Bank during our 'Great to Good' campaign. That means we've been able to provide over **11,160** meals! Please watch our launch video **here** and consider a donation at **gsfb.org/greattogood**.



DISCLOSURES

Great Diamond Partners, LLC is an investment adviser in Portland, Maine. Great Diamond Partners, LLC is registered with the Securities and Exchange Commission (SEC). Registration of an investment adviser does not imply any specific level of skill or training and does not constitute an endorsement of the firm by the Commission. Great Diamond Partners, LLC only transacts business in states in which it is properly registered or is excluded or exempted from registration. Great Diamond Partners, LLC's current written disclosure brochure filed with the SEC which discusses among other things, Great Diamond Partners, LLC business practices, services and fees, is available through the SEC's website at: www.adviserinfo.sec.gov.

Please note, the information provided in this document is for informational purposes only and investors should determine for themselves whether a particular service or product is suitable for their investment needs. Please refer to the disclosure and offering documents for further information concerning specific products or services.

Past Performance is not a guarantee of future results.

Nothing provided herein constitutes tax advice. Individuals should seek the advice of their own tax advisor for specific information regarding tax consequences of investments. Investments in securities entail risk and are not suitable for all investors. This is not a recommendation nor an offer to sell (or solicitation of an offer to buy) securities in the United States or in any other jurisdiction.

This document may contain forward-looking statements relating to the objectives, opportunities, and the future performance of the U.S. market generally. Forward-looking statements may be identified by the use of such words as: "believe," "expect," "anticipate," "should," "planned," "estimated," "potential" and other similar terms. Examples of forward-looking statements include, but are not limited to, estimates with respect to financial condition, results of operations, and success or lack of success of any particular investment strategy. All are subject to various factors, including, but not limited to general and local economic conditions, changing levels of competition within certain industries and markets, changes in interest rates, changes in legislation or regulation, and other economic, competitive, governmental, regulatory and technological factors affecting a portfolio's operations that could cause actual results to differ materially from projected results. Such statements are forward-looking in nature and involve a number of known and unknown risks, uncertainties and other factors, and accordingly, actual results may differ materially from those reflected or contemplated in such forward-looking statements. Prospective investors are cautioned not to place undue reliance on any forward-looking statements or examples. None of Great Diamond Partners, LLC or any of its affiliates or principals nor any other individual or entity assumes any obligation to update any forward-looking statements as a result of new information, subsequent events or any other circumstances. All statements made herein speak only as of the date that they were made.

Hyperlinks in this newsletter are provided as a convenience, and we disclaim any responsibility for information, services or products found on websites linked hereto.