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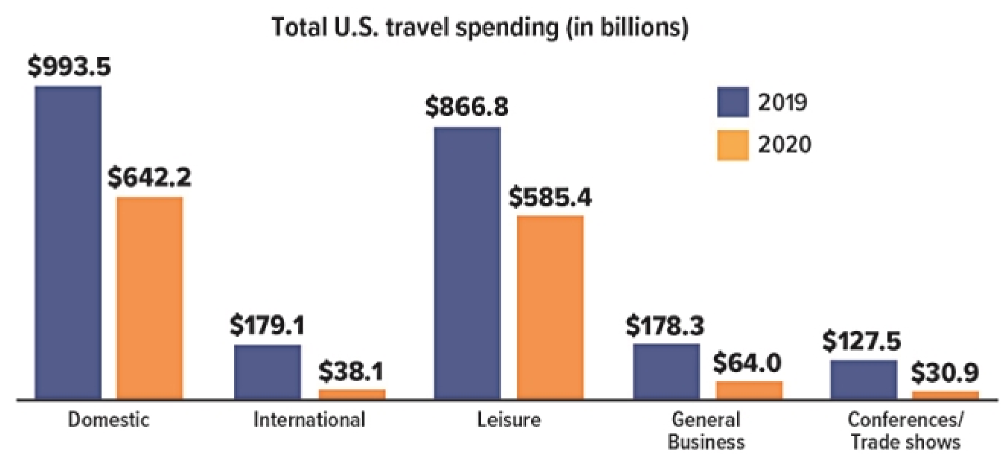
Please read John Stewart's "Infrastructure Bill Moves Along" article below.

COVID-19 Left the U.S. Travel Industry Reeling

The U.S. travel industry's total economic output plummeted 42% in 2020. A full 65% of all jobs lost in the United States were those supported by the travel industry. Perhaps unsurprisingly, the hardest-hit areas were business travel, particularly spending related to conferences, conventions, and trade shows, as well as international travel.

Federal, state, and local government coffers were also strained, as travel-related taxes fell by 34%.

Total travel spending in the United States, accounting for both domestic and international travelers, is expected to rise by 23.6% in 2021.



Source: U.S. Travel Association, 2021

Infrastructure Bill Moves Along

Last week the Senate passed both a $1 trillion infrastructure bill and a budget resolution that paves the way for an additional $3.5 billion spending package favored by Democrats, so get ready for a new bridge near you . . . well, not so fast. The House is unlikely to pass either proposal for months, as Speaker Nancy Pelosi says she will not take up one plan without the other, and even many Democrats are having a hard time swallowing the sheer magnitude of these spending measures. While the infrastructure piece received a fair amount Republican support (19 out of 50), the additional $3.5 trillion spending package was passed with only 50 Democrat votes and zero Republicans. In addition, several of the Democrats voting for the measure have expressed concerns about the runaway spending and the inflation it seems to be causing. This inflationary pressure has become noticeable enough to prompt the Biden administration to request that OPEC increase oil production in order to bring down gas prices. Good luck with that!

The month of July has outperformed all other months, on average, for S&P 500 returns in post-election years since at least 1950. This year was no different in that the flagship stock index turned in a return of 2.3%, which is exactly in-line with its average in years following a presidential election. August and September on the other hand, can be a bit more uncertain. This month and next have historically been the two weakest months of the year on average. Nevertheless, while there have been plenty of volatile Augusts and Septembers over the years, stocks have still turned in positive returns in both months more often than not. Therefore, it likely makes little sense to rush out and start selling your equity positions indiscriminately.

Meanwhile, record earnings growth will likely continue to provide a powerful tailwind for the market. If you've been heavily invested in stocks during this bull market run, however, this could certainly be a good time to rebalance your portfolio and harvest SOME of your gains. If you've been keeping some cash on the sidelines, you may want to prepare to take advantage of any buying opportunity come this fall given that November and December tend to be two of the strongest months on average for the stock market.

I learned early on in my investing career that you don't have to make your money back on the same stock you lost it on. Most investors are very reluctant to take losses on a stock position because it means they have to admit failure. They'd rather hold on to their hope that the position will rebound and eventually become profitable. This psychological bias, which is called "loss aversion" causes many investors to hold onto losing companies for far longer than they should, potentially causing significant underperformance. If a stock is underperforming for fundamental reasons like deteriorating sales and earnings trends, it typically makes sense to cut losses quickly and move on to a better opportunity – once again, you don't have to make your money back on the same stock you lost it on. In addition, if you hold the stock in a taxable account, the loss will create a benefit for you from a tax perspective, either offsetting other gains or even reducing taxable income.

Tips for Managing an Inheritance

As the beneficiary of an inheritance, you are most likely to be faced with making many important decisions during an emotional time. Short of meeting any required tax or legal deadlines, don't make any hasty decisions concerning your inheritance.

Identify a Team of Trusted Professionals

Tax laws and requirements can be complicated. Consult with professionals who are familiar with assets that transfer at death. These professionals may include an attorney, an accountant, and a financial and/or insurance professional.

Be Aware of the Tax Consequences

Generally, you probably will not owe income tax on assets you inherit. However, your income tax liability may eventually increase. Any income that is generated by inherited assets may be subject to income tax, and if those assets produce a substantial amount of income, your tax bracket may increase. This is particularly true if you receive distributions from a tax-qualified retirement plan such as a 401(k) or an IRA. You may need to re-evaluate your income tax withholding or begin paying estimated tax.

You also may need to consider the amount of potential transfer (estate) taxes that your estate may owe, due to the increase in the size of your estate after factoring in your inheritance. You may need to consider ways to help reduce these potential taxes.

How You Inherit Assets Makes a Difference

Your inheritance may be received through a trust or you may inherit assets outright. When you inherit through a trust, you'll receive distributions according to the terms of the trust. You may not have total control over your inheritance as you would if you inherited the assets outright.

Familiarize yourself with the trust document and the terms under which you are to receive trust distributions. You will have to communicate with the trustee of the trust, who is responsible for the administration of the trust and the distribution of assets according to the terms of the trust.

Even if you're used to handling your own finances, receiving a significant inheritance may promote spending without planning. Although you may want to quit your job, or buy a car, a house, or luxury items, this may not be in your best interest. Consider your future needs, as well, if you want your wealth to last. It's a good idea to wait at least a few months after inheriting money to formulate a financial plan. You'll want to consider your current lifestyle and your future goals, formulate a financial strategy to meet those goals, and determine how taxes may reduce your estate.

Receiving a significant inheritance may promote spending without planning, but don't make any hasty decisions.

Develop a Financial Plan

Once you have determined the value and type of assets you will inherit, consider how those assets will fit into your financial plan. For example, in the short term, you may want to pay off consumer debt such as high-interest loans or credit cards. Your long-term planning needs and goals may be more complex. You may want to fund your child's college education, put more money into a retirement account, invest, plan to help reduce taxes, or travel.

Evaluate Your Insurance Needs

Depending on the type of assets you inherit, your insurance needs may need to be adjusted. For instance, if you inherit valuable personal property, you may need to adjust your property and casualty insurance coverage. Your additional wealth from your inheritance means you probably have more to lose in the event of a lawsuit. You may want to purchase an umbrella liability policy that can help protect you against actual loss, large judgments, and the cost of legal representation. You may also need to recalculate the amount of life insurance you need because of your inheritance. The cost and availability of life insurance depend on factors such as age, health, and the type and amount of insurance purchased.

Evaluate Your Estate Plan

Depending on the value of your inheritance, it may be appropriate to re-evaluate your estate plan. Estate planning involves conserving your money and putting it to work so that it best fulfills your goals. It also means helping reduce your exposure to potential taxes and creating a comfortable financial future for your family and other intended beneficiaries.

Some things you should consider are to whom your estate will be distributed, whether the beneficiary(ies) of your estate are capable of managing the inheritance on their own, and how you can best shield your estate from estate taxes. If you have minor children, you may want to protect them from asset mismanagement by nominating an appropriate guardian or setting up a trust for them. If you have a will, your inheritance may make it necessary to make significant changes to that document, or you may want to make an entirely new will or trust. There are costs and ongoing expenses associated with the creation and maintenance of trusts and wills. Consult with an estate planning attorney for proper guidance.

Signs of a Scam and How to Resist It

Although scammers often target older people, younger people who encounter scams are more likely to lose money to fraud, perhaps because they have less financial experience. When older people do fall for a scam, however, they tend to have higher losses.[1]

Regardless of your age or financial knowledge, you can be certain that criminals are hatching schemes to separate you from your money — and you should be especially vigilant in cyberspace. In a financial industry study, people who encountered scams through social media or a website were much more likely to engage with the scammer and lose money than those who were contacted by telephone, regular mail, or email.[2]

Here are four common practices that may help you identify a scam and avoid becoming a victim.[3]

Scammers pretend to be from an organization you know. They might claim to be from the IRS, the Social Security Administration, or a well-known agency or business. The IRS will never contact you by phone asking for money, and the Social Security Administration will never call to ask for your Social Security number or threaten your benefits. If you wonder whether a suspicious contact might be legitimate, contact the agency or business through a known number. Never provide personal or financial information in response to an unexpected contact.

Scammers present a problem or a prize. They might say you owe money, there's a problem with an account, a virus on your computer, an emergency in your family, or that you won money but have to pay a fee to receive it. If you aren't aware of owing money, you probably don't. If you didn't enter a contest, you can't win a prize — and you wouldn't have to pay for it if you did. If you are concerned about your account, call the financial institution directly. Computer problems? Contact the appropriate technical support. If your "grandchild" or other "relative" calls asking for help, ask questions only the grandchild/relative would know and check with other family members.

Scammers pressure you to act immediately. They might say you will "miss out" on a great opportunity or be "in trouble" if you don't act now. Disengage immediately if you feel any pressure. A legitimate business will give you time to make a decision.

Scammers tell you to pay in a specific way. They may want you to send money through a wire transfer service or put funds on a gift card. Or they may send you a fake check, tell you to deposit it, and send them money. By the time you discover the check was fake, your money is gone. Never wire money or send a gift card to someone you don't know — it's like sending cash. And never pay money to receive money.

For more information, visit consumer.ftc.gov/features/scam-alerts.

1, 3) Federal Trade Commission, 2020

2) FINRA Investor Education Foundation, 2019