



March 31, 2020

Rick's Pre-Market Commentary.

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A Message from Rick Phillips



Wow! I can't hardly think of a more apt descriptor. Wow! The rapidity of the markets' decline combined with daily levels of volatility are phenomena that we have rarely, if ever seen in our lifetimes. When we see headlines screaming that last Tuesday, (March 24th) was the largest daily market rally since 1933 or that March 16th was the biggest daily decline since 1987, we are only seeing definitive confirmation of what we already knew we were experiencing.

Despite those roller coaster changes, we want you to know that we have been diligent about attempting to maintain the course, to keep focused on your long term goals and to counsel you to attempt to avoid the daily noise that provokes

all of our fears and anxiety. Soon we will send our Market Commentary from our Chief Investment Officer, Todd Stephenson. You will also be receiving your statements in the mail or via email notification. It won't be pretty. But it also may not be as bad as you think. The portion of your portfolio allocated to bonds will likely be down somewhat, but not as much as the numbers you have been hearing about the stock market.

Will we recover from this? Again, no one knows the answer. My belief? Yes, we will. Events like this trim your portfolios much the way a forest fire thins the forest, resulting in a healthy environment with space for growth. Never pleasant at the time, these events provide the opportunity for future growth as long as we all stay the course.

If we believe that we will recover, and that the forest has been thinned out, then we must equally believe that valuations will grow and that markets will return and grow. I certainly believe that. So, we recommend that you follow your plan. Continue to invest if you can be comfortable doing so and count on us to rebalance. Rely on your cash reserves – this kind of unpredictable event is exactly why we recommend and why you have cash reserves.

Please reach out to us if you have concerns or unresolved fears. We are here, virtually speaking, to walk this road with you. We will make it through this together.

In the meantime, review the article below to get some practical and fun ideas of what to do during this surreal time we are all experiencing together.

Sincerely,

Rick Phillips



Keeping Your Sanity During the COVID-19 Pandemic

It seems everyone is now publishing lists about how to keep your sanity during the “pandemic.” At Phillips we’ve been making our list too. In 2008 we did the same thing. A key message then was to focus on things you can control, and avoid fixating on things you can’t control, like the direction of the stock market on any given day, or week... or hour.

This time we have a greater challenge because so many of the things that provided healthy distractions in the past, are not available to us now...like watching a March Madness basketball game, singing karaoke in a crowded bar, or attending a political rally during primary season!

Here are some things you might do instead of watching the news constantly and worrying about the virus and the markets:

1. Review the new stimulus package to determine how you might take advantage of it. Required Minimum Distributions (RMD) are being waived this year, so if you haven’t taken your RMD yet, you might defer until next year. The penalty tax for early withdrawals is being waived this year. This could present an opportunity for younger people to take needed withdrawals without penalty (regular taxes would still apply). We are verifying the new rules and will be working with you to take advantage of these opportunities if they make sense for your situation.
2. Finish your taxes. Even though the deadline has been extended to July 15, work with your accountant (or yourself) to finish them up so you can enjoy summer! Of course, if you owe money, wait till the deadline to file and pay.
3. Update your personal property inventory. This is a standard recommendation in our financial plans, and one that is frequently not fully implemented. Imagine a tornado coming through instead of a virus. Would you be able to document your possessions? Just go around the house and snap pictures of everything. Take pictures of model numbers and serial numbers for electronic equipment. Store in one folder on your computer and make a copy on a thumb drive that you keep outside of your home.

Ideas from the Phillips “Family”:

1. Erin Martin: Check out the free exercise videos from the YMCA. <https://ymca360.org>.
2. Jo Mejia: Slow down and connect with your kids! Yahtzee, bike rides and cooking together have been our favorite activities.
3. Rick Phillips: Savor a glass of your favorite wine – a good time might be before you look at your statements – or maybe instead of looking at your statements!



4. Jeanine Herold: Watch television comedies. Young Sheldon and Mom on Thursday nights provide the comic relief we need in our home. It is important to understand this is a “tweak” and not an overhaul of our investment strategy. As such, we will not likely use them to replace funds with significant gains in taxable accounts. We may also introduce them gradually as we rebalance and invest excess cash. As we meet with you, we will start to exchange portions of the current funds for the targeted mix of factor funds, taking into consideration tax implications. Your investment advisor will be in touch with you as these changes become appropriate for your portfolio. As always, if you have questions or would like to discuss your portfolio, please contact your investment adviser.

5. Michelle Martin: Windows OPEN – even if it’s cold out.

6. Jennifer MacAleese: Take a virtual tour of the Louvre (<https://www.louvre.fr/en/visites-en-ligne>), or the Van Gogh Museum (<https://artsandculture.google.com/partner/van-gogh-museum?hl=en>).

Focus on Phillips: Jo Mejia, Communications Coordinator



It’s obvious from any interaction with Jo Mejia that her favorite quote truly does inspire her every action:

“People will forget what you said, people will forget what you did, but people will never forget how you made them feel” – Maya Angelou

You can think of Jo as the First Face of Phillips. She is often the first person people see when they come to our office. She is usually the first person a caller speaks to when calling our office. Our clients and visitors tell us that Jo makes them feel important and appreciated.

Jo says that her title, “Communications Coordinator” describes the job perfectly. “There is a multiline phone system, plus emails all day, faxes, even text messages. My pet peeve is poor customer service: I never leave the office at night if I haven’t answered every client’s message.”

It’s more than just a desk job. “On busy days I should have roller skates on,” jokes Jo, “with all the running I do. I have a hard time getting anyone excited to cover for me, because it’s just a lot!” Besides handling all the incoming communications and seeing that each visiting client is warmly greeted and comfortably settled, Jo also keeps the advisers organized and oversees all their scheduling. As well, she supervises the rotating selection of interns culled from PFW, Indiana Tech, Ivy Tech, and Homestead.

Jo says it was her role as mom of four children that best prepared her for the job. “Being a mom of so many kids is the perfect training for this work. I had years of practice at multitasking and learning to handle constant interruptions gracefully,” she laughs.



The “pandemic” has certainly presented a big interruption into Jo’s work and home schedule, but she is handling it proficiently and with good humor. She has been responsible for helping with the transition to remote access. Everyone is now working from home. A key role for Jo is working with clients and Phillips associates in setting up Ring Central remote meetings. Her perspective – “modern technology, IT support, and instant messaging have shrunk this “mountain into a mole hill.’ More importantly, the humanity, globally, that has come out of this catastrophe, is just beautiful.”

What Jo enjoys most about working from home -- “working barefoot with the windows open.”

A little history on Jo: She grew up in Wisconsin and Northeast Indiana, moving back and forth as her parents worked at different GM plants. “We’re several generations of GM family,” she says, “and all of our parents – my husband JR’s and mine – are retired (or will retire) from GM.”

Before joining Phillips, Jo stayed home with their four children as she worked a variety of part-time jobs in retail, office management, and sales. Their children are now 21, 18, 14, and 9. When her youngest entered school fulltime she applied for the Phillips job and has been here ever since.

Jo and JR’s favorite pastimes include drinking wine (see above re: “four children”) and watching their children play sports. “For years we’ve been all-consumed with rec and travel sports – softball, baseball, soccer, and basketball. JR always coached at least two teams at a time.” They also make time as a family to regularly serve meals at the Rescue Mission. Jo has recently become a catechist at their family church, St. Elizabeth Anne Seton, preparing 3rd and 4th graders to be confirmed in the Catholic Church. “I enjoy teaching and meeting new people, but I especially like learning about the faith of the children at their level. I think that may be the best way for all of us to learn about faith.”

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