

the SGROI FINANCIAL

NEWSLETTER

Potential Changes to Retirement on the Horizon

DISCLAIMER: the SECURE Act 2.0 has not been passed yet and the changes discussed in this article are only proposed options. We will keep you updated once further action is taken.

As the dynamic of the U.S. political arena persistently changes, laws regarding retirement planning are ever evolving. The SECURE Act was passed last year with bipartisan support, which made sweeping changes to retirement legislation. Recently, Congress has been discussing the SECURE Act 2.0, which would expand upon the original act. Although the act hasn't been passed yet, here are some possible changes we could see occur.

*** Potential changes in the proposed act mainly center around the Required Minimum Distribution (RMD) rules.**

"As life expectancy has increased, so has the burden of making sure a person's retirement income can extend through those extra years."

The biggest change would be an increase in the age to take a RMD from 72 to 75. As life expectancy has increased, so has the burden of making sure a person's retirement income can extend through those extra years. By increasing the RMD age, it would allow for retirees to have additional freedom

when deciding how they wish to handle their distributions in the early years of their retirement. RMDs can push individuals into a higher tax bracket, increase Medicare premiums, as well as make a larger portion of social security amounts taxable; with

the possible age increase for RMDs, this can help retirees save on taxes.

*** Prior to this new proposal, failure to take a distribution, or not taking enough money to satisfy a person's required amount, would result in a 50% penalty; this proposed act**

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would reduce the penalty from 50% to 25%.

- * It would also exempt any individual with a combined retirement plan and IRA balance of \$100,000 or less from taking an RMD entirely.**

This would help retired individuals with smaller account balances keep more of their “nest egg” invested and avoid the drainage that RMDs can create.

- * An additional target of potential change involves the student loan crisis.**

Recent college graduates are burdened with student loans, making it difficult for them to save for retirement. Under the newly proposed act, they could receive an employer match through their work retirement plan to assist with student loan payoffs; it would help them pay off debt while also having their employer put a match in their retirement plan.

This proposal still has a long way to go in the legislation process, but it may help retirees keep more of what's theirs, while assisting working individuals as they save for their golden years. 🌍

5th Annual Jeffrey Michael Sgroi Golf Tournament

After another successful JMS Golf Tournament, we cannot thank our attendees, sponsors, and volunteers enough for the love and support provided this year in celebrating Jeffrey's life. Despite the restrictions of COVID-19, we were able to raise \$31,000 for the tournament, bringing a total of over \$160,000 raised these past five years. Because of these generous donations, we'll be able to continue to honor Jeffrey through many charitable initiatives that were special to him, including college scholarships to high school students at West Seneca Central School District and Saint Francis High School, donations to The Boys & Girls Club, Kids Escaping Drugs, P.U.N.T Foundation, Make-A-Wish, and more.





Patrick
Sgroi



John
Clouden



Letter from the Partners:
Happy New Year

This year has been far from ordinary, and we want to give our sincerest thanks and appreciation to everyone who has worked with us throughout this time of uncertainty. No matter what the market has done or what situation we're in, we've always tried to continue providing financial advice with unparalleled integrity.

Starting this year, we are celebrating a huge milestone for our company, 50 years in business! We could not have made it this far without the help of our staff members, the numerous referrals, and ongoing support from our clients. Sgroi Financial is focused on finding ways to continue growing our firm while providing better customer service for our clients. Stay tuned for news which we hope will benefit you.

We're glad you're here with us at Sgroi Financial and thank you for the opportunity to provide financial guidance and support throughout the years. From all of us here, we hope you had a wonderful holiday season, and look forward to working with you this year.

All the best,

A handwritten signature in black ink, appearing to read "P. Sgroi".

Patrick Sgroi,
President

A handwritten signature in black ink, appearing to read "John Clouden".

John Clouden
Sr. Vice President



We're excited to announce new additions to our staff:

- Jessica Sparks will take on the role of Administrative Support.
- Timothy Sgroi has joined as an intern and will be supporting the Research & Marketing Teams.

Congratulations to the Clouden family!



We'd like to welcome a new addition to the Sgroi Financial family! Partner & Financial Planner, John Clouden and his family welcomed their first granddaughter, **Madison Rose**. Congratulations to the Clouden family!





2020 2021

Life Changing Realities

"It's not what you look at that matters, it's what you see."

-Henry David Thoreau

We believe this to be a very relevant quote, if not only for society today, then certainly for the financial world. Using the S&P 500 Index as an example, the stock market was up +16% in 2020, a year which had a global pandemic that has enacted shutdowns, household quarantines, and caused the world to adapt to a different "normal." There were plenty of winners and losers in the 2020 market (Technology +41%, Airlines -29%), but U.S. Equities remained an overwhelmingly positive force despite a massive draw down from February to March.

The year 2020 ended much like the way it began; stocks were in a bull market and reached fresh all-time highs every day. If you went to sleep on February 19th, 2020 and woke up today, this would make a ton of sense, however, you would be surprised to know stocks did this during the worst global pandemic in a century and with the fastest ever bear market that accompanied this. The S&P 500 surged over 68% since the March 23rd low and ended the year up over 16%. The economy's recovery can be given credit to the Federal Reserve easing interest rates to 0% and pumping trillions of dollars into the economy.

Washington recently passed a second stimulus package, with perhaps another one this year, and many of the question marks that we started within 2020 (Election, Brexit, Government Shutdown) are now answered. One of the biggest

question marks in all of this is, why? Why is the market up so much when nearly five million more Americans are unemployed now compared with February of 2020? This is not so unusual,

One of the biggest question marks in all of this is, why? Why is the market up so much when nearly five million more Americans are unemployed now compared with February of 2020?

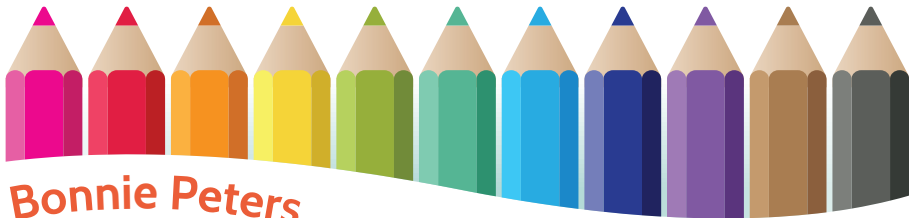
however. Past bull markets, including March of 2009, kicked off while the U.S. economy was still in a recession. The market is a forward-looking machine, which is why it makes sense that stocks dropped viciously from February 19th to March 23rd (S&P fell almost 34%) and responded with over a 44% rise from March 24th to August 1st.

Investors saw buying opportunities and were willing to look at this as a one-time event rather than something fundamentally wrong with the economy. Then, in September, some exhaustion set in, as the market fell over 6.30% until October 30th. Leading into 2021, the S&P is now up over 14.40% since October 30th and we are optimistic at the prospects at hand for the global economy.

As more COVID-19 vaccines are distributed across the world and the global economy begins to re-open, you may see some shifts from asset classes that did well during the pandemic to beaten down names that did not do so well. In our portfolios here at Sgroi Financial, we began shifting into some of those names that were beaten down and added to the small-cap space. History tells us that these value plays and small-cap names typically lead the charge out of a recession, as they benefit from this re-opening trade that we could see in the first half of 2021. 🌍

Innovative Ways of Classroom Learning Through the Pandemic

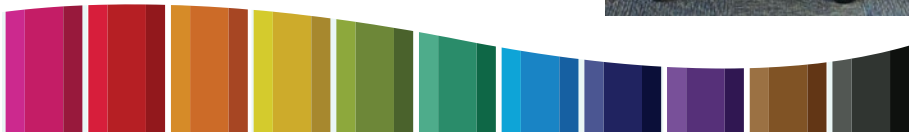
We caught up with some of the teachers to hear about how they utilized their winnings despite the setbacks of the COVID -19 pandemic.



Bonnie Peters...

A 6th to 8th-grade art teacher, at Cleveland Hill Middle School, was innovative with helping her students learn as best as possible despite the classroom regulations due to COVID-19. With the help of her winnings, Peters was able to purchase school supplies and create 110 take-home art supply kits for her students. "When my students are in the classroom, they can't share school supplies if they're not sanitized between each and every use," Peters said. "I decided to create these

art kits so that my students have access to needed supplies that can help them be creative and learn even when they can't be in the classroom with me." The art kits consisted of supplies such as colored pencils, scissors, erasers, markers, and so much more. "The \$500 was so helpful to me during this time; the families of my students are so grateful that they can bring their kits home with them, continue to express their creativity and learn despite having to do so from home."



Tracy Thauer...

A 9th to 12th-grade teacher at Leonardo da Vinci High School, made the best of her classroom situation as her students were learning fully remote due to the pandemic. "I was so thankful to receive the winnings and use it towards supply packages that students were able to pick up from school. As the year is progressing and students are in need of additional supplies, I have also been able to provide those as well," said

Thauer. Tracy continued to go above and beyond for her students by also purchasing Calm Strips for those in the classroom that struggle with anxiety or have become anxious during this unprecedented time. "Having been selected to win The Pencil Project this year has truly been such a blessing and benefit to allow me to assist all of my students with being successful during this uncertain time," said Thauer.



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