

The S&P 500 Index was up 7.5% in the third quarter, capping the second straight quarter of recovery after the COVID-19 related drop in March. In some ways it is an incredible recovery, but the actual number of stocks that have risen is not as many as we would like to see. Amazon, Apple, Microsoft and other tech stocks make up a large part of the S&P 500 Index, so their gain is counted more than the smaller companies in the index. The next few months up to November 3 could be a volatile period, especially if the polls are close. The events of the last week- the debate and Trump's illness- have added to the unpredictability of the election season. Let's work toward having a result as soon as possible after election day- if you are voting by absentee ballot, remember to get them in early!

Market Summary

As of September 30, 2020

S&P 500:	2952.01
Dow Ind.:	27781.70
Nasdaq:	11167.51
10 YR Treas.:	.68%

In case that you missed them, you may find one of these blogs on our website interesting:

For a year-end financial planning checklist: <https://northstarfp.net/year-end-financial-planning-checklist/>

For those parents who are trying to navigate FAFSA for their college bound students:
<https://northstarfp.net/mastering-financial-aid-eligibility/>

For those contemplating retirement: <https://northstarfp.net/transitioning-into-retirement/>

Here are some interesting places to visit virtually and learn about some of our National Parks! Many of us have not been able to take the vacation that we had planned this summer, so trek through lava tubes at Hawai'i Volcanoes National Park <https://artsandculture.withgoogle.com/en-us/national-parks-service/hawaii-volcanoes/nahuku-lava-tube-tour>, or go underground at Carlsbad Caverns. <https://artsandculture.withgoogle.com/en-us/national-parks-service/carlsbad-caverns/natural-entrance-tour> Make sure you pan around the screen while you watch, as all of the scenes are filmed in 360 degree surround videos!

If you are looking for a good book to read this fall, check out this list from the Wall Street Journal, which highlights some of the new biographies, fiction and non-fiction choices available.
<https://www.wsj.com/news/collection/booksoctober3-2264de65>

Is a Roth IRA Conversion right for you?

A Roth conversion is where you take assets from a Traditional IRA and move them to a Roth IRA, causing the amount to be taxable in the current tax year. But from that point forward, the growth of the account is tax free and is not subject to required minimum distributions (RMD) after age 72.

A Roth conversion might make sense for you if you expect to be in a higher tax bracket after you retire than you are currently. If your income is lower this year, it could be advantageous to consider a conversion. Also, since there are no RMD's, if your desire is to pass the account to your heirs, conversion will have clear tax advantages.

Do not forget about the 5-year rule, if you decide you need money from the Roth account. The five-year rule for Roth IRA withdrawals of investment earnings requires that you hold your account for at least five years before you can tap those earnings without incurring a penalty. There are complications to the rule, so please contact us before withdrawals.

Thank you and take care-

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S&P 500: The Standard & Poor's (S&P) 500 Index tracks the performance of 500 widely held, large-capitalization US stocks. The Barclays US Aggregate Index covers the dollar-denominated investment-grade fixed-rate taxable bond market The Morgan Stanley Capital International Europe, Australia, Far East (MSCI EAFE) Index is a capitalization-weighted index that tracks the total return of common stocks in 21 developed-market countries within Europe, Australia and the Far East. DJIA- A price-weighted average of 30 actively traded blue-chip stocks, primarily industrials including stocks that trade on the New York Stock Exchange Nasdaq- A market-capitalization weighted index of the more than 3,000 common equities listed on the Nasdaq stock exchange