

# NORTHSTAR

FINANCIAL PARTNERS

April, 2021

The stock market has had a good start to the year, while the bond market has struggled somewhat with rising interest rates. With the economy reopening, stocks should be able to continue their upward trend, with some up and down along the way. Value stocks have outperformed growth, after a number of years of underperformance. Interest rates, as measured by the 10 Year Treasury rate, seem to be leveling off about the same as where we were at the beginning of 2020, but lower than the period before that. The Fed is keeping short term rates low, but wanting some inflation, which will tend to pull longer term rates higher. Overall, we do not feel that interest rates will climb dramatically more this year.

A bit about the infrastructure talk. To be aware, it is all talk at this stage. Presidents Bush, Obama and Trump all touted infrastructure programs, which never got off the ground because it is very difficult to get bills passed in Congress, especially the Senate. Biden's plan is to provide money for transportation needs- roads, bridges, airports, electric vehicles, charging stations and more for water, sewer and power grid improvements and access to high-speed internet. All popular proposals- but they only make up half of the plan. The rest is a shopping list for the Democratic party- to appease the people that got Biden elected. Not all are bad ideas, just not infrastructure, but rather social reforms to tack into a popular bill.

Because the Democrats and Republicans will struggle to agree on a package, the Democrats will hope to pass a bill through the budget reconciliation process. This way, only a simple majority is needed to pass the legislation, like the American Rescue Plan earlier this year. But only one budget reconciliation bill can be passed each fiscal year, so that is one hurdle. Wonder why all the talk to eliminate the filibuster? Another way around the reconciliation process, but don't count on that happening. Another obstacle is the parliamentary rules that say- to use budget reconciliation, it has to be used only for things that impact the federal budget. So, clean energy, a common electricity standard and a higher federal minimum wage do not get in the bill.

One other thing to remember, Biden's infrastructure plan is not yet a bill. It is a set of ideas set out to give specific direction for Congress to follow, to see how the general public will react. The real work is now to begin- if you are a political observer, you will have fun. The rest of us will just be along for the ride.

## Market Summary

As of March 31, 2021

<b>S&amp;P 500:</b>	3972.89
<b>Dow Ind.:</b>	32981.55
<b>Nasdaq:</b>	13246.87
<b>10 YR Treas.:</b>	1.745%

**We imagine a world in which the vast majority of people wake up every day inspired, feel safe wherever they are and end the day fulfilled by the work they do. Simon Sinek**

Simon Sinek is a British-American author and inspirational speaker. He has written five books and has given hundreds of motivational talks about how to improve your life, or of those around you. Start With Why. It is not a message to try to get you to start over in life, or make dramatic lifestyle changes. Rather, look at it as a way to plan for how to spend your time in retirement, with your family, with your spouse. It has always been out there for us; we just do not always take the time to really drill down to "Find our Why". 5 minutes of your time- <https://www.youtube.com/watch?v=nRage9M2DYc>. If you have another 2 minutes <https://www.youtube.com/watch?v=e1iQjFmiLuE>

A qualified charitable distribution (QCD) allows individuals who are 70½ years old or older to donate up to \$100,000 annually to one or more charities directly from a taxable IRA instead of receiving their required minimum distributions. This is often considered when someone no longer itemizes on their tax returns and cannot get a tax write off for donations to a charity. By using the QCD, you are not taxed on the withdrawal as it goes directly to the charity. This is an effective way to lower the cost of the donation, to allow you to give more if desired. You can begin doing this at age 70 ½- you do not need to wait until age 72. Please call us to get the forms necessary to make the donation!

Thank you and take care-

Dan Kutzke, ChFC, AIF, RICP®



959 34<sup>th</sup> Ave NW, Rochester, MN 55901

507.281.6650 ✦ Fax 507.281.6884

[dan@northstarfp.net](mailto:dan@northstarfp.net) ✦ [www.northstarfp.net](http://www.northstarfp.net)

Securities and advisory services offered through Commonwealth Financial Network®. Member FINRA/SIPC, a Registered Investment Advisor.

Fixed insurance products and services offered through NorthStar Financial Partners, LLC. 959 34<sup>th</sup> Ave. NW, Rochester, MN 55901 507-281-6650. Morningstar is the source for any reference to the performance of an index between two specific points. Past performance does not guarantee future results. Indexes are unmanaged and cannot be invested in directly. For index definitions, please see page two. Stock market returns refer to the S&P 500 index. Bond index returns refer to Barclays Aggregate Index. This material is intended for informational/educational purposes only and should not be construed as tax, legal, investment advice, a solicitation, nor a recommendation to buy or sell any security or investment product. Please contact your financial/legal professional for more information specific to your situation.

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