Spring Edition 2021

WILEY BROS. INVESTMENTS SINCE 1945

WILEY BROS. AINTREE CAPITAL, LLC. - MEMBER SIPC

Robert G. Elliott's FINANCIAL NEWS

40 BURTON HILLS BLVD., SUITE 350 • NASHVILLE, TENNESSEE 37215 • PHONE (615) 255-6431, TOLL-FREE 800-827-7862 • WILEYBROS.COM

Avoid These Estate Planning Mistakes

When it comes to estate planning, Americans make a lot of mistakes. From putting off creation of key documents, forgetting to update their plan after a divorce or remarriage, or neglecting to leave instructions about what to do with certain assets, many people are leaving a legacy of frustration and confusion for their heirs. You can save those you leave behind money and time by avoiding these estate-planning mistakes.

Not Having a Will

Not having a will is probably the biggest estate planning mistake you can make. It's also one of the easiest to fix. An attorney can help you draft a simple will that offers instructions on what to do with your assets and who should care for your minor children, among other matters. What happens if you don't have a will? The courts decide who gets your property and who will assume guardianship of your kids- and it may not be who you have chosen.

Not Updating Your Estate Plan after Life Changes

Some people think that estate planning is a set-it-and-forget-it issue. But your estate plan needs to evolve with your life. If your family grows, a marriage ends, or you acquire new wealth, you may need to update your will, beneficiary designations, and other documents. One key thing to remember: Check your beneficiary designations on retirement plans and insurance policies periodically. The people listed on these forms will receive those assets, even if your will says otherwise. If you name one child as the beneficiary of your IRA and then neglect to add your second child to the form after his or her birth, you'll end up disinheriting one of your children.

Not Working with an Estate Planning Attorney

Online legal sites and fill-in-the-blank documents have given many people the mistaken idea that estate planning is a do-it-yourself activity. Nothing could be further from the truth. The legal issues surrounding estates can be quite complicated. A skilled attorney (working in partnership with your other advisors) can help you avoid complications and design an estate plan that is complete without unintended consequences.

Not Taking Steps to Avoid Family Conflict

Disagreements among family members over how your assets are distributed after your death can lead to permanently damaged relationships and expensive litigation. A detailed, well-thought-out estate plan will help prevent conflict, as your wishes will be clear and there will be less opportunity for legal challenges. Even more important, however, is thinking about your unique family dynamics and taking steps to ensure everyone you love is treated fairly. For example, if you have children from a prior marriage, you may need to take special steps to make sure they aren't disinherited if you pass away. In some cases, you may be able to head off trouble by sitting down with your loved ones and explaining your plans, so no one is blindsided after your death.

Not Thinking about Digital Assets

These days, many of us live a significant portion of our lives online. As you develop your estate plan, you may want to include instructions for how to handle your digital assets. Putting together a master list of accounts and passwords (particularly for financial accounts) will make things easier on your family as they try to sort out your affairs. But you may also want to include information about your other online assets, like social media accounts, online photo albums, libraries of digital videos and music, and even online businesses so that your family can gain access to that information.

Fortunately, it is fairly easy to avoid, or correct, any of these estate planning mistakes. Working with an experienced estate planning attorney, along with your financial advisor and other professionals, can allow you to create a comprehensive estate plan that protects you and your family. Please feel free to call to discuss this in more detail!


Allie, Bob, & Sarah

Personal Note

A few days ago, my wife, Cassie, and I went to a show at a local comedy club. We've been there a few times before, but as we sat there waiting for the show to start it hit me that the last time we were there was "Pre-COVID". Well over one year ago! It seems incredible, but it's been roughly 16 months since COVID-19 struck our shores, a pandemic was declared, the markets crashed, schools closed, and we realized how much we take toilet paper for granted.

Since then, the markets have recovered and risen to new heights. The economy, meanwhile, has recovered more slowly. Now, almost halfway through 2021, we have started experiencing some renewed volatility in the markets. This has many of my clients asking, "Where are the markets going next? What should we expect for the rest of 2021?"

As you know, there are two types of long-term market situations: Bull markets and bear markets. But the whole "bull vs bear" concept can also be used to describe two types of investor sentiment. Bulls are investors who have a positive, or "bullish", view of where the markets are headed. Bears, meanwhile, generally have negative, or "bearish", expectations. So, I'm going to let both animals debate each other, each presenting their case for why the markets will have a positive year or a negative one. We'll start with the Bull, move onto the Bear, and then give the Bull a chance for a short rebuttal. Finally, I'll give you *my* view.

The Bullish View

Last year's market crash was sudden, swift, and deep. But in the grand scheme of things, it didn't last very long. In fact, it took only six months for the markets to recover. (By contrast, it took the markets almost six *years* to recover after the Great Recession.) Since then, the markets have risen to new highs.

Three things propelled the markets to this remarkable turnaround: Low interest rates, federal stimulus, and the expectation of a major economic recovery. Let's start with the first one. To help juice up the economy, the Federal Reserve lowered interest rates to a historic degree. Low interest rates promote more borrowing and spending, two pillars our economy is based on. They also help people buy homes and encourage businesses to invest more in themselves. (Including hiring more workers.)

Congress, meanwhile, has passed three major stimulus packages in the last year. The most recent bill was signed by President Biden on March 11. The **America Rescue Plan Act of 2021**, as it's called, provides $1.9 trillion in aid for both businesses and consumers.[1] Among other things, the Act extends COVID unemployment benefits through Labor Day, provides $1,400 direct payments to individuals, expands certain tax credits, and grants billions to small businesses to help meet payroll and retain workers.[1] The first two stimulus packages had a positive impact on things like retail sales and consumer spending, and it's widely expected that this one will, too.

This combination of low interest rates and government stimulus have helped the economy tread water while we deal with the virus. But much of the market's rise is due to something else: Expectation. Specifically, expectation that the pandemic will end, and the economy will hit the accelerator. As more people are vaccinated and case numbers fall, the thinking goes, more and more of society will re-open, releasing a flood of pent-up demand. Demand to travel, to eat out, to catch a movie in theaters, you name it. Add the latest round of stimulus to the mix, and suddenly Americans have both extra money in their pocket *and* the means to spend it. In other words, all the ingredients are there for a *major* economic comeback, the likes of which we haven't seen in decades.

The Bearish View

So, in light of all this, how can anyone have a negative view of where the markets are headed? It all comes down to a single word: **Inflation**.

Inflation. It's a scary-sounding word that conjures up images of German children stacking useless money in the 1920s, or gas rationing in the 1970s. For decades, economists have monitored it relentlessly. The Federal Reserve considers managing inflation to be a core aspect of its mission. That's partly why our nation's inflation rate has been relatively stable over the last twenty years.

But recently, some analysts and investors have begun stressing over inflation again. They don't deny that the economy is poised to grow. They just worry that it will grow too much, too fast. There's a word for this, too. Economists call it **overheating**.

When an economy overheats, it essentially no longer has the capacity to meet all the demand it faces from consumers. Some producers will simply not be able to supply all the goods their customers want. Other producers, to keep up with that demand, will be forced to raise prices. It's a classic example of the Law of Supply and Demand. (When the demand for something outpaces its supply, the price goes up.) For example, if everyone suddenly decides to fly to that vacation spot they've been putting off for a year, the cost of air travel would skyrocket.

If the economy were to grow too quickly, prices would rise across the board – and the value of our currency would drop. This, essentially, is inflation: When the general price level rises, a dollar simply pays for less than it used to. That makes it much harder for people to buy the goods and services they need. Or to pay off their debts. It makes it harder for businesses to hire new workers or pay the workers they already have. The upshot? When inflation gets too high, consumer spending plummets, unemployment jumps, and economic booms turn into economic busts.

Some experts worry this is what's in store in 2021. They see the economy as a garden hose that's been tied up into a knot. Untie the knot – or

Continued on Page 3

Personal Note.....

Continued from Page 2

re-open the economy too quickly – and the water will burst out with sudden, savage force.

So, here's what this has to do with the stock market. Normally, the Federal Reserve combats inflation by raising interest rates. Higher interest rates tend to cool off the economy, because they prompt people to *save* their money instead of spending or borrowing it. A cooler economy decreases inflation, and gradually things go back to normal. The problem is the stock market has become accustomed to the Fed's low interest, "easy money" policies. Low interest rates mean that many types of investments, most notably bonds, simply don't provide the same return on investment as they would in a high-interest rate environment. That drives more and more investors into the stock market to get the returns they need. But what happens when interest rates go up? Consumers and businesses could cut back on spending, which in turn could cause earnings to fall and stock prices to drop.

Fear of inflation, and fear of higher interest rates. That's the bearish view in a nutshell.

Rebuttal

I promised the Bull would have the opportunity for a short rebuttal, so here it is. There are two main reasons for thinking this fear of high interest rates are overblown. The first is that, even if inflation *does* go up – which it likely will – we have a *lot* of room to work with before it becomes a problem. In 2020, the inflation rate was only 1.2%.[2] That's well below the 2% mark the Fed generally aims for, and nowhere close to the mindboggling numbers we saw in the late 70s and early 80s. (In 1979, for example, the inflation rate was 13.3%.[2])

The other reason is that there's no reason to assume the Federal Reserve will automatically raise interest rates just because inflation goes up. Why? Because the Fed itself has said that it won't![3] Currently, the Fed sees stimulating the economy and boosting employment to be far bigger priorities than tamping down on inflation, and recently, the Fed Chairman suggested interest rates would remain low at least until 2022.

My View

Historically, an improving economy leads to a stronger stock market. If that happens in 2021, wonderful! But *if* interest rate fears worsen and volatility goes up, experience has taught us not to overreact. Remember, we're not investing for next week, or next month, or next quarter. We're investing for *years*. Any general rise in prices is likely to be temporary, just as any bouts of volatility are temporary, too.

It's been over a year since the pandemic began. A year since some of the worst market turmoil in a long time. We got through that by being disciplined and patient, and we've been rewarded. So, that's what I recommend we continue to do. Other investors can worry about being a Bull, or a Bear, or "first". We'll just continue being disciplined and patient.

SOURCES:
1 "The American Rescue Plan Act Greatly Expands Benefits through the Tax Code in 2021," Tax Foundation, March 12, 2021. https://taxfoundation.org/american-rescue-plan-covid-relief/
2 "US Inflation Rate by Year," The Balance, March 1, 2021. https://www.thebalance.com/u-s-inflation-rate-history-by-year-and-forecast-3306093
3 "Powell Confirms Fed to Maintain Easy Money Policies, The Wall Street Journal, March 4, 2021. https://www.wsj.com/articles/feds-powell-to-take-questions-on-job-market-interest-rates-bond-yields-11614872817

Municipal Bonds

We offer the following bonds subject to prior sale or change in price as of May 18, 2021.

Ref No	Issuer	Maturity Date	Coupon	Yield to Maturity	Yield to Call	Call Date	Rating	Price
1	Sumner County TN	06/01/40	2.000	1.970	1.950	06/01/31	AA+	100.453
2	Knoxville TN Wtr Revenue	03/01/37	4.000	2.050	1.380	03/01/32	Aa / AAA	126.159
3	Wilson Cnty TN	04/01/35	1.500	2.050	2.050	04/01/30	AA+	93.391
4	Met Govt Nashville & Davidson Cnty	01/01/33	3.000	1.520	1.260	01/01/31	Aa2 / AA	115.628
5	Williamson Cnty TN	04/01/32	3.000	1.460	1.170	04/01/30	Aaa	115.364

Callable at 100% beginning of the call date above and every call date thereafter with 30 days notice.

In addition to the bonds listed, we have several other corporate bonds available. If you are looking for a specific bond or maturity, please feel free to contact me with your requests.

We are also interested in buying corporate bonds. If you have bonds for sale, please call me for a bid and details on how you can convert your present bonds to cash or alternative investments.

Finally, new bonds are coming to market every day. If you give me a call, I will be more than happy to go over current market offerings and conditions with you.

Do You Really Need a Will?

Many people believe they don't need a will. But how valid are the more common reasons for not preparing a will?

Your estate is too small. Some believe that if their estate won't be subject to estate taxes (in 2021, your taxable estate must be over $11.7 million before estate taxes would be owed, there is no need for a will.) However, a will's purpose is not to save estate taxes, but to:

- Provide for the distribution of your assets. Without a will or other estate-planning documents, your estate will be distributed in accordance with state law, which may or may not coincide with your desires.

- Name guardians for minor children. Without a will, the courts decide who will raise minor children when both parents die.

- Select an executor for your estate. The executor assembles and values your assets; files income, estate, and inheritance tax returns; distributes assets; and accounts for all transactions. You will typically be in a better position, based on family relationships and individual qualifications, to decide who should be named executor of your estate.

All your property is jointly owned. When one owner dies, jointly-owned property passes directly to the joint owner, regardless of provisions in a will. Also, the unlimited marital deduction allows you to leave any amount of your estate to your spouse without paying estate taxes. Thus, many married couples use joint property ownership as their sole estate planning technique. However, individuals with very large estates may save estate taxes by distributing some assets to other heirs or there may be other reasons to distribute some assets to other heirs.

A living trust will distribute your assets. Only assets actually conveyed to the living trust are controlled by the trust document. Typically a pour-over will is also needed, which places any asset not held by the trust at your death in the trust.

You can expect your estate to grow significantly in the future. Some feel it is premature to plan their estate while it is being built. However, a will can be changed. In fact, you should periodically review your entire estate plan to see if changes in your personal situation, preferences, or tax laws require changes to your plan.

Please call if you'd like to discuss the role of a will in your estate plan.

COMMUNITY SPOTLIGHT

Horizons National is an organization that provides the opportunity for kids in under-resourced communities to spend the summer learning math, science, and reading along with theater, art, and sports. We are fortunate to have the only Tennessee chapter here in Nashville, which began in 2014. The program started with rising first graders and has now expanded to serve grades K-8. This organization is responsible for helping kids fall in love with learning and avoid summer learning loss. They have a high school graduation rate of 100% for their kids who attended the program over the years. To learn more or to show your support through donations, please visit www. usn.org/horizonsgiving

A Note from Allie

This spring, my husband, Jack, and I had the opportunity to visit Bozeman, MT. Neither of us had ever visited Montana, and we were excited for this new adventure. Bozeman did not disappoint! We rented a small cabin for the long Easter weekend, and we got very lucky with the weather! It was 70 degrees and sunny all 3 days we were there, so we were able to enjoy many of Montana's activities. We explored downtown Bozeman, went on several hikes, fly-fished for the first time, grilled dinner overlooking the mountains, and relaxed!

One day we did the quick (and beautiful!) drive down to Yellowstone National Park. It was too early in the year for us to visit the entire park, but we were able to drive through, hike, and encounter a few of the famous bison traffic jams. We actually found this to be one of our all-time favorite trips!

A Note from Sarah

A few weeks ago, my younger sister, Tate, graduated from Southern Methodist University. I was fortunate to be able to attend the ceremony and watch her walk across the stage. With all things COVID related, I wasn't sure if I'd get to be there in person or have to watch online. But I am so grateful I was able to be there to cheer her on as she got her diploma. I am also excited to have her back in Nashville next year as she completes her Master's in Marketing at Vanderbilt University. We already have concerts and trips planned over the next few months and I can't wait to see what other adventures we can enjoy together!

WILEY BROS.
INVESTMENTS SINCE 1945
Wiley Bros. Aintree Capital, LLC. - Member SIPC

40 Burton Hills Blvd., Suite 350
Nashville, Tennessee 37215
Phone (615) 255-6431, 800-827-7862
Fax (615) 244-7646