



OUR MISSION IS TO CHANGE LIVES. ONE "HEMINGTON" AT A TIME.

HEMINGTON NEWSLETTER

SEPTEMBER 2020

The Election

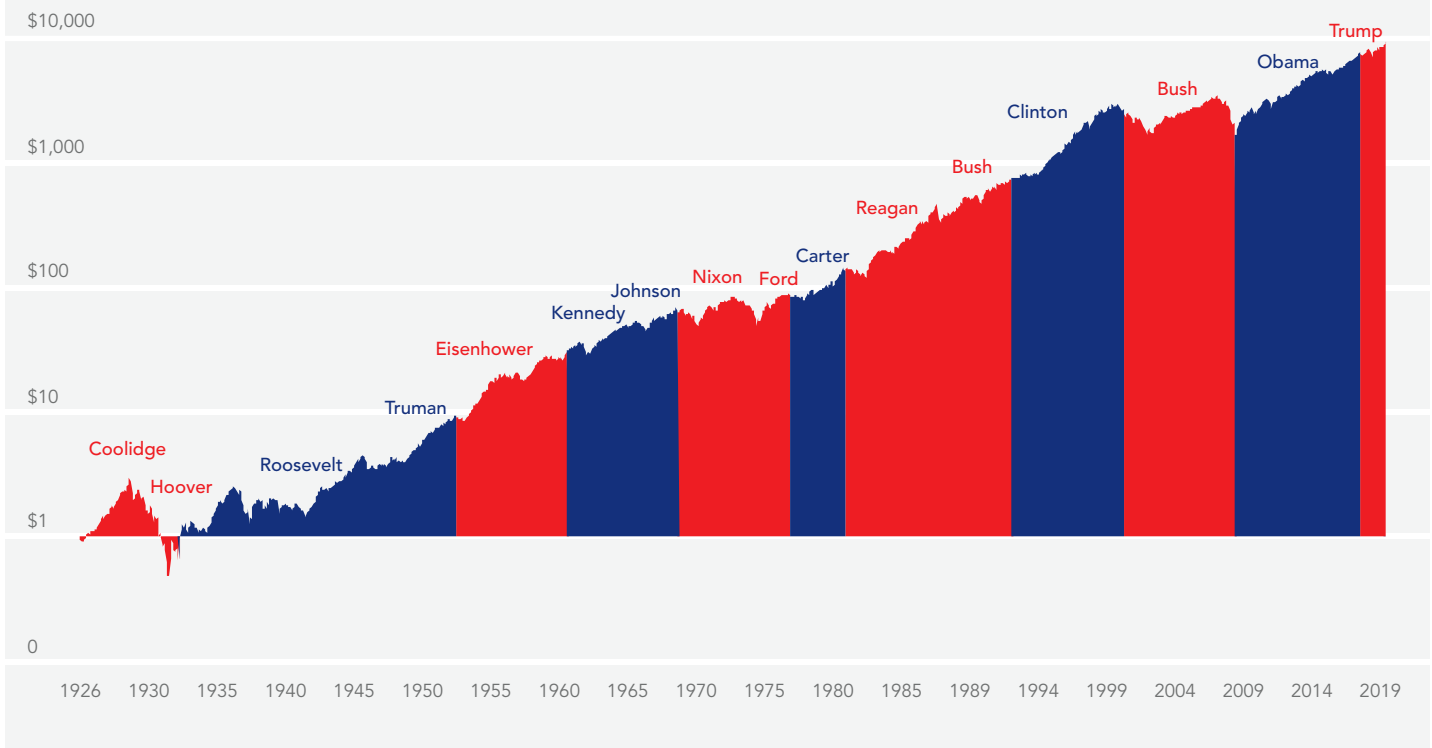
The upcoming election is top of mind for many of us. Who will be elected president in November? What party will control Congress? And how will the outcome of the election impact the economy and my portfolio?

While election predictions are notoriously unreliable (hello, 2016!), we can look back to see how the market performed during prior presidencies. As the graph below shows, historically the stock market continues to climb regardless of which party is in control.

MARKETS HAVE REWARDED LONG-TERM INVESTORS UNDER A VARIETY OF PRESIDENTS

Growth of a Dollar Invested in the S&P 500: January 1926–December 2019

■ Democratic President
■ Republican President



Source: S&P data © 2020 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

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This chart is also a great reminder that investing is a long-term proposition. It makes sense to consider market returns over years and decades instead of days and months (and today's headlines). This year has been a rocky ride, to say the least. The markets have experienced dramatic declines and considerable upswings. Who thought in March that the stock market would rebound so quickly, reaching new highs in a matter of months (and since then experiencing significant down days)? As an equity investor, you should expect these ups and downs in the stock market and avoid making changes to your long-term financial plan based on current events, including presidential elections.

When surprises happen in elections, the outcome is not always as expected. In 2016, very few predicted Trump's win over Clinton – and virtually no one predicted a Trump win and a positive market reaction (2017 proved to be one of the best for the stock market in decades). There are thousands of other factors that influence the stock market. It is very difficult, if not impossible, to identify all these factors, as well as predict their impact on stock market prices in advance of market movements. At Hemington, we will continue to focus on what we can control: investing in low-cost investment vehicles, being tax efficient, rebalancing on a regular basis, and harvesting losses when it makes sense to do so.

Interestingly, the stock market may be a better predictor of an election outcome than vice versa. According to a recent Wall Street Journal article, the incumbent has a clear advantage when the stock market rallies before Election Day. Since 1928, when the S&P 500 is positive in the three months prior to the presidential election, the incumbent president or candidate from the controlling party won nearly 90% of elections.

MARK YOUR CALENDAR

On October 21st at 5pm ET, Hemington will host a virtual town hall event on **The Election and Current Events**. Eileen O'Connor will moderate our session with guest speaker Apollo Lupesco, PhD. As Vice President at Dimensional Fund Advisors, Apollo is known for providing a unique perspective on complex issues that may impact clients' portfolios. Look for an invitation which will be sent out soon, and we hope you can join us for what we are sure will be a lively discussion.



Several Hemington advisors welcome Ami during a virtual lunch.



WHAT'S NEW AT HEMINGTON?

HEMINGTON'S NEWEST TEAM MEMBER



Hemington is excited to announce that Ami Shah, CFP®, has joined our team as a Wealth Manager. With over a decade of experience in financial services, Ami is passionate about helping families answer their money questions and navigate financial decisions to maximize their wealth.

Prior to joining Hemington, Ami worked as a strategy consultant in McKinsey & Company's wealth and asset management practice. In this role she saw two troubling trends: uncoordinated and biased advice that leaves missed opportunities and money on the table and financial advisors who do not relate to the rising population of dual career couples and female breadwinners/decision makers. We are excited that such an accomplished advisor chose Hemington from among her many options.

Ami holds an MBA with distinction from **Harvard Business School**, a BA in Economics and Sociology from **Harvard University**, and a Certificate in Financial Planning from Northwestern University. She is a **CERTIFIED FINANCIAL PLANNER™** and is active in the Washington, DC, Harvard Alumni Association, the National Association of Personal Financial Advisors, and the Financial Planning Association.

Ami and her husband live in Georgetown with their 6-month-old daughter Aurora. Ami is passionate about traveling and has visited over 40 countries. During her extra time at home, she has "picked up" her childhood instrument – the harp – which Aurora loves!

Fred Hubach earned the **Enrolled Agent** designation. An Enrolled Agent is a financial professional who has demonstrated competence in individual and business tax preparation and representation matters by passing a comprehensive three-part exam. It is the highest credential the IRS awards. Congratulations, Fred!

HEMINGTON RECOGNITION

Hemington was recognized in the **top 5 of *Washington Business Journal's* Largest Wealth Management Firms in the Greater DC list** published on July 24, 2020. The *Washington Business Journal's* lists are recognized throughout the region as reliable and reputable sources of business information compiled from pertinent company profile criteria. Hemington stood out with its depth of advisors, fee-only financial planning focus, and growth rate – placing it at the top of the list against other wealth management firms in the Northern Virginia, Maryland, and Washington DC metro areas.



Northern Virginia Magazine again recognized **Mike Byman** and **Eileen O'Connor** as Top Fee-Only Financial Planners. The Northern Virginia Magazine surveys financial professionals in northern Virginia and asks them to recommend other financial professionals to whom they would refer family and friends. Those recognized received the most nominations.



Once again, Hemington has been included in ***Financial Advisor Magazine's* Top RIA Ranking** based on assets under management at the end of 2019. *Financial Advisor* annually reports an exclusive list of the nation's leading independent financial advisory firms based on their total discretionary and nondiscretionary assets.



Several Hemington advisors were recognized as winners of the Five Star Wealth Manager Award. **Jen Dawson** was recognized in the Chicago area, and **Travis Johnson** and **Eileen O'Connor** were recognized in the Washington, DC metro area.





PLANNING PRIORITIES FOR YEAR-END

As we approach year-end, there are several planning topics to consider.

- » **Max Out Your 401(k):** The maximum employee contribution is \$19,500 in 2020 (plus \$6,500 if you are over age 50).
- » **Required Minimum Distributions (RMDs):** All RMDs have been waived for 2020 and are scheduled to resume in 2021. Carefully consider taking any distributions with your advisor.
- » **Roth Conversions:** If you have unusually low income in 2020, consider a partial Roth conversion to utilize the lowest tax brackets. Roth conversions could significantly change your taxable income (recharacterizations are no longer allowed) and should be coordinated with your tax preparer.
- » **Open Enrollment:** Ensure you are optimizing your annual benefit elections. One commonly overlooked benefit is group long-term disability coverage, which can cost thousands of dollars in the private marketplace.
- » **Medicare Enrollment:** Review your elections to ensure you are choosing the right Medicare plan. Hemington retains Medicare experts to help you make smart decisions; if we can help, please let us know.
- » **Gifting Stock (rather than cash):** For substantial gifts to charity, giving appreciated assets is a very tax efficient way to do so. Any gifts should be made in early December to ensure they are processed by year-end, so it makes sense to plan ahead.
- » **529 Contributions:** Deductible contributions must be made before year-end.
- » **529 Distributions:** Distributions for qualified education expenses must be withdrawn in the same year they are incurred. Ensure all qualified expenses are withdrawn before 12/31 for 2020 expenses.
- » **Family Gifting:** The annual gift exclusion limit for 2020 is \$15,000 per person.

HEMINGTON ESG PORTFOLIOS

Hemington offers investment portfolios that consider environmental, social, and governance (ESG) issues as part of the investment process. ESG funds invest according to various company screens and rankings such as intensity of greenhouse gas emissions, gender diversity on boards, and use of child labor. The ESG funds still provide broad global diversification while overweighting securities with higher expected returns, but individual company weights differ due to the application of the ESG screens.

Clients who prefer ESG investments generally do so because they believe in aligning their investments with their values. As with any investment, returns are not guaranteed, and returns from ESG funds may be higher or lower than their traditional fund counterpart.

Reach out to your wealth advisor if you have questions or would like to explore ESG fund options.

About Hemington Wealth Management

Hemington Wealth Management provides high net worth individuals and families with a broad range of wealth management services including portfolio management. We are collaborative, accessible and responsive, making it easy for clients to work with our team.

Hemington Wealth Management

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