Dear Clients,

In the wake of the swiftest bear market selloff in history, we have since witnessed markets steadily climb throughout April. Much of the optimism fueling this rebound can be attributed to positive news surrounding COVID-19 containment efforts as well as the partial reopening of major economies in the Far East, Europe, and a number U.S. states. Although the SAGE Investment Committee is encouraged by global containment efforts, we believe that market volatility will persist for a prolonged period of time while investors actively gauge the economic impact, the cost of stimulus, and the uncertainties surrounding the reopening process.

When assessing economic conditions, we typically rely on backward-looking data to confirm results, but we believe it is fair to say that results for the current quarter will be tumultuous. Although there is never a good time for such an event to occur, unfortunately March through June is normally a strong period for the U.S economy, where we usually see more positive business creation, employment gains, retail sales, and housing activity. To no surprise, retail sales fell 8.7% in March.* That reflected weakness in restaurants, department stores, clothing stores, gas stations, and auto dealerships. Manufacturing output was reported down 6.3%*, with sharp weakness in auto production. Although these figures would be indicative of a recession, we believe that declines are temporary and that a meaningful recovery will ensue during end of Q3 and throughout Q4 of this year.

In the meantime, lawmakers in Washington rapidly passed four phases of support, totaling nearly $4 trillion. These efforts include public health expenditures, an expansion of unemployment benefits, lending to small businesses, checks to individuals, and additional funding for state and local governments.Although the stimulus is providing much needed relief, many investors are concerned with how we, as society, will pay for the increase in government borrowing. This concern also arose in the aftermath of the 2009 financial crisis and the result will likely be the same. Strong demand for safe haven assets, such as U.S. treasuries has pushed interest rates to historic low levels. Similar to the financial crisis and even the WWII era, we never repaid the debt, rather we rolled it over and fulfilled the interest obligation.

As for reopening the global economy, we believe that unwinding social distancing should be coordinated, in phases, with widespread testing, continued elevated hygiene, plenty of personal protective equipment, and contact tracing. The process should be dynamic, so that if the virus appears to be spreading more rapidly in one area, we can resume social distancing to tap that down. However, if we reopen too quickly, there is a potential that the virus spread will continue and social distancing will last longer, resulting in a larger negative impact to the economy.

Again, although we are encouraged by global containment efforts, we remain cautious. We believe that a return to normal will take time and will not fully occur until we get a successful treatment for those infected. For this reason, we are content to maintain larger than typical risk control assets. We are confident that our longstanding preference for U.S. growth equity exposure will continue to enable portfolios to meaningfully participate in rallies during this period of heightened volatility.

If anything in your circumstances should change, please be certain to share that and other new information with your Wealth Advisor.

Kind regards,

SAGE Investment Committee

Five Key Benefits of the CARES Act for Individuals and Businesses

By now you know that Congress has passed a $2 trillion relief bill to help keep individuals and businesses afloat during these difficult times. The Coronavirus Aid, Relief, and Economic Security (CARES) Act contains many provisions. Here are five that may benefit you or your business.

1. Recovery Rebates

Many Americans will receive a one-time cash payment of $1,200. Each U.S. resident or citizen with an adjusted gross income (AGI) under $75,000 ($112,500 for heads of household and $150,000 for married couples filing a joint return) who is not the dependent of another taxpayer and has a work-eligible Social Security number, may receive the full rebate. Parents may also receive an additional $500 per dependent child under the age of 17.

The $1,200 rebate amount will decrease by $5 for every $100 in excess of the AGI thresholds until it completely phases out. For example, the $1,200 rebate completely phases out at an AGI of $99,000 for an individual taxpayer and the $2,400 rebate phases out at $198,000 for a married couple filing a joint return.

Rebate payments will be based on 2019 income tax returns (2018 if no 2019 return was filed) and will be sent by the IRS via direct deposit or mail. Eligible individuals who receive Social Security benefits but don't file tax returns will also receive these payments, based on information provided by the Social Security Administration.

The rebate is not taxable. Because the rebate is actually an advance on a refundable tax credit against 2020 taxes, someone who didn't qualify for the rebate based on 2018 or 2019 income might still receive a full or partial rebate when filing a 2020 tax return.

2. Extra Unemployment Benefits

The federal government will provide $600 per week to those who are eligible for unemployment benefits as a result of COVID-19, on top of any state unemployment benefits an individual receives. Unemployed individuals may qualify for this additional benefit for up to four months (through July 31.) The federal government will also fund up to an additional 13 weeks of unemployment benefits for those who have exhausted their state benefits (up to 39 weeks of benefits) through the end of 2020.

The CARES Act also provides assistance to workers who have been affected by the COVID-19 pandemic but who normally wouldn't be eligible for unemployment benefits, including self-employed individuals, part-time workers, freelancers, independent contractors, and gig workers. Individuals who have to leave work for coronavirus-related reasons are also potentially eligible for benefits.

3. Federal Student Loan Deferrals

For all borrowers of federal student loans, payments of principal and interest will be automatically suspended for six months, through September 30, without penalty to the borrower. Federal student loans include Direct Loans (which includes PLUS Loans), as well as Federal Perkins Loans and Federal Family Education Loan (FFEL) Program loans held by the Department of Education. Private student loans are not eligible.

4. IRA and Retirement Plan Distributions

Required minimum distributions from IRAs and employer-sponsored retirement plans will not apply for the 2020 calendar year. In addition, the 10% premature distribution penalty tax that would normally apply for distributions made prior to age 59½ (unless an exception applied) is waived for coronavirus-related retirement plan distributions of up to $100,000. The tax obligation may be spread over three years, with up to three years to reinvest the money.

5. Help for Businesses

The CARES Act includes several provisions designed to help self-employed individuals and small businesses weather the financial impact of the COVID-19 crisis.

Self-employed individuals and small businesses with fewer than 500 employees may apply for a Paycheck Protection Loan through a Small Business Association (SBA) lender. Businesses may borrow up to 2.5 times their average monthly payroll costs, up to $10 million. This loan may be forgiven if an employer continues paying employees during the eight weeks following the origination of the loan and uses the money for payroll costs (including health benefits), rent or mortgage interest, and utility costs.

Also available are emergency grants of up to $10,000 (that do not need to be repaid if certain conditions are met), SBA disaster loans, and relief for business owners with existing SBA loans.

Businesses of all sizes may qualify for a refundable payroll tax credit of 50% of wages paid to employees during the crisis, up to $10,000 per employee. The credit is applied against the employer's share of Social Security payroll taxes.

The CARES Act Suspends Federal Student Loan Payments

On March 27, 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Included in the legislation are new rules for student loan relief.

The legislation provides a six-month automatic payment suspension for any student loan held by the federal government. This six-month period ends on September 30, 2020.

If you have a federal student loan, you don't need to contact your loan servicer to request a suspension; the six-month freeze will be applied automatically to any eligible federal student loan. However, you can choose to keep making your monthly student loan payments during the six-month suspension period if you wish.

Interest will not accrue during the six-month suspension period. In effect, the interest rate is set to 0%.

Only Federal Loans Qualify

Only student loans held by the federal government are eligible for payment suspension. This includes Direct Loans (which includes PLUS Loans), as well as Federal Perkins Loans and Federal Family Education Loan (FFEL) Program loans held by the Department of Education. Private student loans are not eligible.

Impact on Public Service Loan Forgiveness Program

Under the Public Service Loan Forgiveness (PSLF) Program, borrowers who work in an eligible public service job and make 120 on-time student loan payments are eligible to have the remaining balance on their federal Direct Loans forgiven.

Under the CARES Act, the six-month freeze on student loan payments will not affect the 120-month running period for purposes of the PSLF program. In other words, each month of the suspension period will still count toward a borrower's 120 payment tally, even if the borrower does not make any payments during the six-month period.

How to Contact Your Loan Servicer

Your federal loan servicer is the company that handles your loan's billing and provides related services. If you want to contact your loan servicer for any reason you should try to do so online or by phone. If you don't know the name of your loan servicer or how to contact the company, you can visit studentaid.gov/login or call 1-800-4-FED-AID for assistance.