

JANUARY 2021



THE CAPSTONE QUARTERLY

Happy New Year. We are busy working away and are proud of how our client's portfolios have performed in 2020. Despite the rest of the bad news in the world, your portfolio was one thing you did not need to worry about last year. We are gladly meeting with those that are comfortable to come to our office and are meeting virtually with those that are not. In this newsletter, Bryce gives us some encouraging words for the New Year and Casey offers some ideas for resolutions to make with your finances.

BRYCE'S POINT OF VIEW

Bryce Pease, CFP®

Chief Investment Officer

We Made It



Another year is in the history books, and what a year it was. There are few people, I imagine, who are sad to see the year 2020 go - mainly because it felt like ten years rolled into one.

Yes, the universe threw a lot at us this year. Many of us had to learn how to work from home. Parents had to figure out how to homeschool their children. We had to wear masks and social distance. We had to replace family gatherings with Zoom calls, more exciting forms of recreation with long walks in the park and alter dozens of other activities we once took for granted.

More seriously, we had to contend with a new and horrifying virus. We had to worry about keeping ourselves and our loved ones safe. We had to worry about a historic recession and all the hardships that come with it.

Then there were the headlines. Wildfires. Protests and politics. Murder hornets. (Murder hornets!) At times, the uncertainty these headlines generated was almost unbearable.

And yet we bore it. We got through it. We lived through one of the most difficult years in modern history and made it to the other side. Despite everything we have faced in 2020, I think it's important to remember that great and wonderful things happened this year, too.

Babies were born. Loved ones got married. Soldiers came home. Communities banded together. Scientists achieved stunning advances. Records were set. History was made. Most importantly, we learned how to stare adversity in the face and laugh. We learned how to cope and adapt. We learned what we are truly made of.

We have all been ready for 2020 to end, and yet, in the future, I think we will look back on 2020 with a certain kind of pride. Because 2020 is the year that shaped us, refined us, hardened us. There will be difficult times in the years to come, and yet we will go into those years knowing we can handle it - because we've handled it before. Market crashes and recessions, diseases, and disasters. Epoch-defining, society-changing, life-altering events. We have been there, done that.

As a financial advisor, I help people work towards their goals every day. In my experience, reaching your goals takes more than just saving money,

Did you know?

Capstone Pacific is on social media! We have a new LinkedIn page where we've begun posting short videos on various topics. We see it as a chance to give you our perspective regarding current events, market trends, financial issues, or other timely educational subjects. All the topics may not apply to you, but you probably know someone who could use the information. Follow us on LinkedIn: www.linkedin.com/company/capstonepacific

Don't have a LinkedIn account? We are also posting most of these videos to our Facebook page. You can view them with or without a Facebook account. Follow us: @capstonepacific or publicly:

investing wisely, or planning ahead, critical as all those things are. It takes the ability to encounter

obstacles and be willing to find a different route. It takes the fortitude to fall and then get back up. It takes the vision to look at a mountain and see a speed bump. We had to do that in 2020. Which means we can do it this coming year and all the years to come. And that makes reaching your goals only a matter of time. So, take a bow and give yourself a pat on the back. The Year 2020 is over, and a bright New Year has begun.

You did it.

CASEY'S CORNER

Casey Morris, CFP®



As you know, this is the time of year for making resolutions. Some will want to lose weight (did I hear the quarantine 15?), learn a second language, volunteer, or read more. These are all great goals, but when you sit down to plan out your resolutions, spare a thought for your finances. It is not uncommon to see someone resolve to spend less money, save more, or get out of debt. Those are all good, but let's talk about a few financial

resolutions you may not have thought about.

1. Pay Attention to your Retirement Savings

If you haven't yet retired, and have access to an employee retirement plan, like a 401(k), make sure you are taking advantage of all your plan has to offer. Are you contributing enough money to qualify for the full matching contribution? Are you taking enough risk to try and get a higher return? Are you taking on too much risk? If you were placed into the default investment allocation, make sure it is right for you.

2. Stop Just Thinking about Retirement, and Start Planning for Retirement

For many people, retirement is some vague, far-off event in the nebulous future. For them, retirement is just something that will eventually happen, like losing a tooth, growing up, or growing old. The truth is that retirement only happens if you *make* it happen. And to make it happen, you need to start now. Otherwise, when the time comes to retire, you may find out you can't afford to. The best way to make retirement a reality is to create a retirement plan. It will help you set goals for your retirement, predict your expenses, and then calculate how much you will need to earn, invest, or save to satisfy both.

3. Get an Emergency Fund Set Up

One thing 2020 brought to light was the importance of an emergency fund. You never know when something bad might happen that is out of your control – a leaky roof, a car accident, or even a pandemic. Having a lump sum equal to 3-6 months of your expenses set aside in your bank account will help should one of these unexpected events arise. It is already stressful enough going through an emergency, the last thing you want to add to that stress is now having credit card debt. You would be surprised at the number of people we run across that do not have access to an emergency fund.

4. Review your Insurance Needs & Create an Estate Plan

No one likes to talk about, think about, or pay for insurance. Nor do they like to think about their own death. Yet having both things in place are a vital part of your finances. Let's face it - no one can predict what life has in store for us. Do you have enough life insurance to provide for your dependents if something happens to you? Can you still afford to pay your bills if an accident forces you to stop working? Do you have a will naming a guardian for a minor child if you weren't around anymore? These are not always pleasant questions, but with a little work, you can make the answers much better.

FINALLY...

The merge between TD Ameritrade and Schwab is set to take place over the course of the next 18 months. We've been assured there will be little to no paperwork to make the transition for our clients. We are skeptical since, especially in our world, a form must be signed for every little detail. It is our goal to make the transition as painless as possible and we are excited to see what the future brings with this merger of two well established firms. On our end, Schwab is keeping much of the technology that TD Ameritrade has built and that we really like as far as trading, client portals, and e-signing of forms. You may start to see the Schwab name on your statements in the near future. Don't worry, it is still Capstone managing it!

Sincerely,

The Team at Capstone Pacific

P.S. If you ever run across anyone who could use our services or is unhappy with their current adviser's performance, we always appreciate it when you pass on our name.

Opinions expressed in this newsletter are general in nature, are not intended as investment advice tailored to any individual, do not represent the solicitation of a security, and are subject to change without notice. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for a client's portfolio. Any securities mentioned in this newsletter are not a recommendation to buy, sell or hold. Capstone Pacific is not engaged in the practice of law or accounting. Please consult a qualified professional before making any investment, legal or tax related decisions. All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Capstone Pacific Investment Strategies, Inc. is registered as an investment adviser and only transacts business in states where it is properly registered or is excluded or exempted from registration requirements. Registration does not constitute an endorsement of the firm by securities regulators nor does it indicate that the adviser has attained a particular level of skill or ability.