



MARKET INSIGHTS
 We continue to face personal, economic and financial turmoil in the wake of the coronavirus pandemic.
see page 2



9 WAYS TO FEEL HEALTHIER IN 2021
 These 9 financial life moves that help boost your well-being in the new year.
see page 3



YEAR-END FINANCIAL STEPS
 The end of the year is the perfect time for some financial housekeeping. Here's what to do.
see page 4

ADVANCE
 CAPITAL MANAGEMENT

FINANCIAL LIVING

volume
Q4
 2020

A QUARTERLY NEWSLETTER FOR THE CLIENTS AND FRIENDS OF ADVANCE CAPITAL MANAGEMENT

Thank You for Your Support in 2020

Letter from Chris Kostiz, President & Chief Investment Officer

What a year! Many words can describe the events of 2020, but “fun” is not one of them. Although it may feel like a decade ago, it has been less than a year that we first heard the term “coronavirus.”

The cascading events that ensued changed nearly every aspect of our lives. Yet, the ingenuity and determination of Americans to confront and adjust to our dire circumstances was truly impressive. Health care workers rose to the challenge to help those inflicted with the virus. Scientists raced for better therapeutics and a viable vaccine. The federal government initiated a massive program to support small businesses along with higher unemployment benefits. At the same time, the Federal Reserve dropped interest rates to zero and embarked on several new stimulus programs to back-stop the credit markets and provide relief for the beleaguered economy.

As these crazy events unfolded, the capital markets went on a wild ride. By late March, the market had fallen about 34 percent. With support from the Federal Reserve, the markets trended higher and recaptured nearly all the losses from earlier in the year. By November, the contentious election appeared over and a new president elected. Perhaps more importantly, Pfizer announced that an early analysis of its vaccine trial suggested it was 90 percent effective in preventing Covid-19. Progress.

Amidst the chaos, Advance Capital's culture of an unrelenting

commitment to our clients was reinforced. Our elite information technology team quickly allowed a seamless transition for our employees to work remotely and continue business as usual. Our advisers and their support teams were always available to offer guidance and process necessary client transactions. The investment committee was constantly analyzing economic and market data and took the initiative to make strategic investment moves as needed. Our marketing team did an extraordinary job of keeping clients informed through newsletters and webinars. All our employees showed their mettle during these very challenging times.

Thank you

As we reflect on the turmoil of 2020 and look ahead to brighter days, I am reminded of a famous quote by John C. Bogle, the legendary investor and founder of Vanguard:

“Your success in investing (and life) depends on your character and guts, and in part your ability to realize at the height of ebullience and the depths of despair alike that this too shall pass.”

We would like to thank you, our clients, for the continued support and confidence in our firm. Our commitment to your financial well-being is unconditional. We will continue to work hard on your behalf to provide solid investment returns and high-quality advice. Once again, from all the employees at our firm.....THANK YOU. ■



Market Insights: Q3 2020

“As we enter the last quarter of 2020, it remains difficult to find the proper words to fully express the personal, economic and financial turmoil we all continue to face in the wake of the coronavirus pandemic. The path back to “normal” appears littered with obstacles and the realization that our lives may be altered forever.

While most states have “reopened,” the new protocols of social distancing and masks in most public places has left a lasting imprint on our collective psyche. Many people continue to stay home, working and learning remotely.

From a financial perspective, the massive and unprecedented monetary stimulus by the Federal Reserve and government gave a lifeline to individuals, small businesses and the global financial markets. Today, while it appears the economy is starting to heal, it is apparent that the road back to a full recovery will take years.

Economic Toll of Covid-19

Our nation’s economy went through a traumatic series of events that resulted in one of the quickest and most severe recessions on record, with several key data points reaching historic levels. The shutdown of businesses and furloughing of workers during the height of the pandemic pushed the unemployment rate close to 15 percent. An unprecedented 22 million jobs were lost within the first two months.

Over the next five months, as states and businesses reopened, the economy added back about 10 million jobs and the unemployment rate fell back to around 8.4 percent. Yet the damage has been done. It is estimated that about 60 percent of businesses shutdown from the start of the pandemic won’t reopen. The stark reality of the chaotic lockdown and subsequent reopening of our economy led to the most volatile quarter-over-quarter change in Gross Domestic Product (GDP) ever recorded. The annualized pace of second quarter GDP declined 32 percent,

which marked the largest quarterly decline.

The fallout from the pandemic and the nascent economic recovery has produced a clear distinction between segments of the economy that have either benefitted or suffered. Not surprising, those businesses tied to the leisure industry have been decimated. Daily airline traffic has been cut in half, hotel occupancy rates are down about 36 percent from last year, and restaurants are operating at 25 to 50 percent capacity. Already, an estimated 32,000 restaurants have closed their doors forever. Unless the economic environment quickly improves, many more businesses will follow.

Conversely, amidst the lockdowns and the transition to working from home and remote learnings for students, the demand for all facets of technology has exploded. Consumer based demand has also shifted from in-person to remote transactions, which has benefitted areas such as online ordering and delivery services.

It is interesting to remember that many companies got their start during tough economic periods and have gone on to become household names. For instance, McDonald’s emerged after the economic downturn in 1948, Walmart originated in 1962 as the S&P 500 Index entered a bear market, and Microsoft and Starbucks were founded during the stagflation era of the 1970s amidst two recessions. History has shown that strong businesses find a way to survive and even thrive when times are tough.

Markets Recover and Then Some

The economic and societal fallout from the effects of COVID-19 resulted in tremendous volatility in the capital markets through the first nine months. After declining about 34 percent from late February to late March, the S&P 500 Index snapped back about 50 percent over the next five months, one of the strongest on record. While large-cap stocks tended to lead, small- and mid-cap stocks, which were down close to 40 percent at one point, posted an equally impressive rebound from their March lows.

While many investors think of the fixed-income markets as boring and uneventful, this year has proven otherwise. During the height of the pandemic and prior to the Federal Reserve stepping in to rescue the credit markets, investment-grade and high-yield bond indices fell close to 20 percent in a matter of weeks. Since that low point, and after the Federal Reserve pledged unlimited support, bonds have since rebounded and mostly recouped all their losses from earlier in the year.

Our Take

Looking forward, while many obstacles and unknowns litter the road to a full economic and market recovery, there are positive signs that perhaps the worst is behind us and brighter days are ahead.

The most immediate need is a vaccine and better treatments for those stricken with the virus. The good news is that researchers around the world are racing to develop a vaccine, with more than 170 candidate vaccines now

(Continued on page 4.)

It is not possible to invest directly into an index. The indices mentioned in this article are unmanaged and are not affiliated with Advance Capital Companies.

9 Ways to Feel Happier and Healthier in 2021

We can't control the events of 2021. But we can control our actions. These 9 financial life moves that help boost your well-being in the new year.

1. Talk to your partner about the future

The old saying goes, "Happy wife, happy life." Whomever your partner, your relationship together can be more joyous when both of your needs are met.

It's not enough to assume that you and your partner share the same vision for the future. For example, women are often more fearful of outliving their savings because they live longer. Therefore, your ideas for everything from how much to save in a nest egg to when to retire may be different. Sit down with your partner – and perhaps a financial adviser – to reconcile your financial needs and goals.

2. Volunteer

Helping others is proven to make people happier. Consider that an Age Wave/Merrill Lynch study found that retirees were three times more likely to say "helping people in need" brings them happiness in retirement than "spending money on themselves."



Further, people who donate money or volunteer: feel a stronger sense of purpose (59% to 43%) and self-esteem (57% to 51%), and are happier (66% to 52%) and healthier (50% to 43%). Find what is near you on [Volunteermatch.org](https://www.volunteermatch.org), a nonprofit portal listing over 100,000 volunteering opportunities in nearly 100 U.S. cities.

3. Downsize your possessions

Whether it's moving to a smaller home or simply getting rid of clutter, many people have found a minimalist lifestyle to be a happier lifestyle. Inspired by famed declutterer Marie Kondo, the idea is to keep only possessions that spark joy in your life. Lots of research shows that better organization helps you feel happier at home.

Shedding unnecessary possessions and responsibilities can lessen stress and boost your health. It saves you time from not shopping, from thinking of what you want to buy and from not needing to clean or maintain as many possessions. And it can save you money. Relocating to a smaller home, for example, can greatly lower your mortgage payments, property taxes, insurance, utilities and other costs.

4. Learn something new

Studies suggest that learning a new skill is one of the best ways to boost your mental and physical well-being. That might mean looking into taking online courses or classes at a nearby college. Check out the 2,500+ free classes on [Edx.org](https://www.edx.org). You could also visit your community's website to see what recreation and educational programs are offered locally.



5. Socialize safely

People are social animals, and people who live in isolation typically don't live as long, or as happily, as those who get out and socialize.

According to the Mayo Clinic, the benefits of being with other people are considerable. Adults with strong social support have a reduced risk of many significant health problems, including depression, high blood pressure and an unhealthy body mass index (BMI). Older adults with a rich social life tend to live longer than those who are more isolated, too.

6. Follow your passion

Research by a former hospice nurse found the top regret among those with terminal illnesses was to not have lived life on their own terms. It is never too late to take control of your life as you wish it. Perhaps that means finding a new career or starting your own business. According to the Ewing Marion Kauffman Foundation, people 55 to 64 make up more than a quarter of new entrepreneurs.

7. Meditate and decompress

After 2020, we could all use a breather. It is in our breath where we may find the answer to our heightened levels of stress and anxiety, especially about our finances. Around 64% of adults are calling their finances a "significant source of stress" in their lives during the crisis, according to the American Psychological Association.

The practice of deep breathing and meditation can reduce stress as it lowers your blood pressure and heart rate, as well as help regulate your immune system and hormones. You can find guided meditation online or through an app, or simply do it own your own.



8. Shop local

An estimated 400,000 small businesses may go out of business as a result of the pandemic. You can make your dollars more meaningful by shopping locally. Doing so will directly contribute to the health and vitality of your community.

9. Invest in your home environment

Although many parts of the economy have opened, most of us can expect to still spend long periods of time at home. If you're still working (or working out) from home, it's probably long past time to upgrade your setup. Consider allocating money saved on transportation and business attire to your home, whether you want to splurge on a standing desk instead of using your kitchen table or invest in some new workout equipment. It is more important now than ever to make ourselves comfortable and work well in our home environment. ■

8 Year-End Finance Steps

The end of the year is the perfect time for some financial housekeeping. Here's what to do:

1

If working, try to maximize contributions to your retirement savings accounts.

Even if you contribute regularly, see if you have room to save a little more by December 31. You may be able to reduce your earned income by up to \$19,500, the maximum you can contribute to a 401(k) for 2020. If you're age 50 or older, you can contribute an extra \$6,500, for a maximum contribution of \$26,000.

2

Schedule a meeting with your adviser for a portfolio review.

Over the course of a year, the markets can affect your asset allocation. Also, during that time you may have experienced a major life event. Therefore, if you haven't met with your adviser yet this year, now may be a good time to see where you stand and what changes are necessary, if any.

3

Update your beneficiaries.

If you've experienced a major life event – for example, lost a loved one or got married – you may have to update your beneficiary designations on things like your retirement accounts, pension, other work benefits, etc.

4

Review your budget.

For millions of Americans, the pandemic has put a squeeze on their budgets. If your financial situation has changed, review your budget to ensure you're still

living within your means. If not, investigate any trouble areas where you can reduce expenses.

5

Replenish your emergency fund

If you tapped your emergency fund to help get through a period of unemployment, make it a priority to replenish it. A common rule of thumb is to save three to six months' worth of expenses, though you may want to save more depending on your financial situation.

6

Check your credit reports.

If you find any errors, you will want to correct them immediately.

7

Shop around for more favorable insurance rates.

Insurance companies are always competing for your business. Shopping around every six months or so is a great way to get lower rates.

8

Consider charitable giving.

If you plan to itemize your taxes, donating to charities from a taxable account can reduce your tax bill. Donations for the current tax year must be made by December 31. However, writing off charitable gifts is harder with higher standard deductions from the 2017 Tax Cuts and Jobs Act. Still, there are options to receive charitable tax deductions. Speak with your adviser to see if you're eligible. ■

Market Insights *(Continued from page 2.)*

tracked by the World Health Organization (WHO). So there is hope that a vaccine will be available within the next year or sooner.

Along the way, the key drivers of our economy are expected to continue trending in a more positive direction with employment, manufacturing and housing sectors leading the way. It appears both the federal government and Federal Reserve remain all-in to support individuals, small businesses and the flow of capital throughout the crisis. Until we gain more clarity on these many unresolved issues, we expect the

capital markets to remain volatile with modest returns going into the end of the year. In this environment, we continue to be vigilant in our research and a bit cautious with our investment allocations in client accounts.

As always, investing in capital markets comes with some risk and uncertainty. We thank you for your continued support of our investment process as we work hard to deliver positive risk-adjusted portfolio returns to our clients. Should you have any questions, please do not hesitate to reach out to your financial adviser. ■

Investment advisory services are provided by Advance Capital Management, Inc.

Investments are not insured, and may lose money. Client should be prepared to bear the risks associated with investing. Fees and expenses apply to an ongoing investment, and over time will reduce the return of the investment.

HEADQUARTERS

One Towne Square
Suite 444
Southfield, MI 48076
(800) 345-4783
(248) 350-0115 Fax

GRAND RAPIDS, MI

625 Kenmoor Avenue SE
Suite 307
Grand Rapids, MI 49546
(800) 444-1053
(616) 954-2499 Fax

LISLE, IL

4225 Naperville Road
Suite 160
Lisle, IL 60532
(800) 327-3770
(630) 955-3404 Fax

INDEPENDENCE, OH

Crown Centre
5005 Rockside Rd, Ste 215
Independence, OH 44131
(800) 457-4304
(216) 520-1535 Fax

DALLAS, TX

325 N. Saint Paul St.
Suite 3100
Dallas, TX 75201
(800) 345-4783
(248) 350-0115 Fax