JANUARY 2021

Omega WEALTH MANAGEMENT

NEWSLETTER

Integrating Your Values, Vision & Wealth

I write to you from Park City, Utah where my husband and I are living & working this winter. Now that we have empty-nested, and thanks to some of the unintended benefits of the pandemic, we are here. If I am honest, **I'm glad that I am not in DC this January, and I have so wanted to write you to try to capture what many of us have been feeling here at Omega and really all over the world.** What a year 2020 was and it just seems to keep "giving" right into 2021. **While our theme for this quarter's newsletter is progress and possibility, I would be remiss to not recognize that there are many people that have been suffering, many people who have died and lost their jobs.** We have certainly tried, probably like you, to reach out to those in need both through our charitable giving efforts and also through pro bono financial planning to those in need. **The Team at Omega remains hopeful that more significant help is coming to those who need it, that systematic changes will begin to be made to even the playing field, and new opportunities will emerge as we enter the "passage" stage of the pandemic's impact.**

As Jared talks about in his Investment Review, 2020 was a year of contradictions between the financial markets and the US economy and now, as we enter 2021, we are seeing some softness again in the economy and a shift in the areas of investment that may be our future leaders. **Now, more than ever, staying diversified is critical and managing our "animal spirits" instincts is essential.**

On the planning front, it's too early to know exactly what the Biden Administration will actually be able to pass but we are expecting potential tax-related changes later in the year and we also expect to see the Administration investing in areas that may support the recent shifts we have made to many clients' portfolio to a focus on ESG (Environmental, Social Responsibility and Corporate Governance). The

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2021: A Year of Progress & Possibility.. continued from page 1

stimulus should help the economy begin to improve and the financial markets will see this as a positive sign. **We will be monitoring the planning opportunities as we move further into 2021 and will keep you posted on any impact or changes that may be needed. We are also relieved that our business owners in need of support will be able to seek additional PPP (Paycheck Protection Program) monies.** Small businesses are the heart of our country's economic engine and hopefully we can save a few more and stabilize our economy with some additional support.

I'd like to finish my column by spotlighting another one of Omega's Core Values: Servant Leadership. Given what we have experienced both recently since the election and even early in the year, it's important to understand how important this value is to your Team at Omega. For us, it has many meanings. **Being in service to you, our dear clients. It also means that regardless of gender, color, orientation or position, we seek to be of service to fulfill our company's mission of "Making a positive and significant impact on our clients, community and profession."** As the leader of the organization, I must be willing to take responsibility, be humble while providing strong leadership and direction to my team… setting a positive example along the way. **As always, we are grateful to be on this journey with you and welcome the opportunity to connect and find new ways of being in service to you and your family.**

May 2021 bring you good health (including the vaccine!), happiness and the possibility of progress in your life,

Lisa A. K. Kirchenbauer, CFP®, RLP®
Certified Financial Transitionist® (CeFT®)
President and Founder

Planning Updates

by Kathy Frakes, CFP®, CeFT®
and Andrea Brashears-Lusk, CFP®

We made it to 2021! We're seeing some progress in the roll out of the COVID vaccines and there is possibility of more travel, especially later in the year. I hope that you can look back at 2020 and find the ways that you showed resiliency—I am sure that there are some. This quarter, I've asked my colleague, Andrea Brashears-Lusk, to share some information about President Biden's proposed COVID-19 relief plan and tax plan. I've provided a chart for you with the updated 2021 Annual Limits for contributions to various account types, too.

President Biden has proposed a $1.9 trillion COVID-19 relief plan to help mitigate some of the economic effects of the pandemic. The plan includes an aid packet allocating $415 billion to strengthen the response to the virus and rollout of the COVID-19 vaccine, $1 trillion in direct relief to households, and approximately $440 billion for small businesses and communities severely impacted by the pandemic. **The proposed aid packet also includes $1,400 stimulus payments to Americans in addition to the $600 checks approved last month in a pandemic relief bill passed by Congress.**

Other **highlights of the proposed plan** include:

- Increasing the federal, weekly unemployment benefit (currently set to expire in March) to $400 and extending it through the end of September
- Making the Child Tax Credit fully refundable for the year and increasing the credit to $3,000 per child ($3,600 for a child under age 6)
- Increasing the federal minimum wage to $15 per hour
- Extending the eviction and foreclosure moratoriums until the end of September
- $350 billion in state and local government aid
- $170 billion for K-12 schools and institutions of higher education
- $50 billion toward Covid-19 testing
- $20 billion toward a national vaccine program in partnership with states, localities, and tribes
- $40 billion would be allocated to protective gear and supplies, deploying emergency response personnel, and improving supply manufacturing.

Sources: *https://www.cnbc.com/2021/01/14/biden-stimulus-package-details-checks-unemployment-minimum-wage.html and https://www.nytimes.com/2021/01/14/business/economy/biden-stimulus-plan.html*

Biden Tax Plan

Joe Biden's tax plan proposal addresses many aspects of the current tax system with the **goal of increasing tax revenues and focusing on income/wealth inequality.** One important feature of his proposed plan involves **adjusting ordinary income tax brackets for individuals with annual incomes exceeding $400,000, however it is unclear whether this threshold applies to individuals or joint filers. This will increase the top income bracket to the pre–Tax Cuts and Jobs Act (TCJA) rate of 39.6% while keeping income brackets for those with annual income levels under $400,000 the same. At this point, the changes below are proposed changes and will be subject to the negotiations of a divided Congress. As we have a better sense of what is likely to be enacted, we will be proactive in helping you plan for any changes that may personally impact you.**

The proposed plan includes enhancements to personal income tax credits to include **temporarily expanding the Child Tax Credit to $3,000 for children 17 or younger and providing a $600 bonus credit for children under 6**

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in addition to making the credit fully refundable. The Child and Dependent Care Credit would increase from $3,000 to $8,000 for one child, and from $6,000 to $16,000 for two or more. Also, the First-time Homebuyer Credit would be reintroduced as a refundable and advanceable credit of up to $15,000, as well as a brand-new proposed Caregiver Credit providing $5,000 for informal long-term caregivers.

Another feature of Biden's plan **offers an incentive to taxpayers in lower income brackets to contribute to tax deferred retirement accounts. A flat retirement contribution credit as a percentage of the contribution amount, currently anticipated to be 26%, would be provided.** This credit would replace deductions of those retirement account contributions which would in effect lower the tax burden for those taxpayers in tax brackets below the proposed set rate while on the other hand increasing it for those in brackets above the proposed rate.

Additionally, **the top long-term capital gains and qualified dividend tax rates would increase to ordinary income tax rates, up to 43.4%, for income above $1 million (including the 3.8% surtax on net investment).** On the **estate tax planning side** of things, the **elimination of the current step up in basis rules that apply to inherited assets for taxpayers with annual income over $400,000 is a feature, as well as the elimination of 1031 Exchanges.** There would be a **50% reduction of the exclusion amount for estate and gift taxes, from $11.58 million to the pre-TCJA amount of $5.79 million. Keep in mind that various states have lower exemption amounts, so this is definitely an area we continue to watch.**

Other features of the plan **include elimination of the Qualified Business Income (QBI) tax deductions for pass-through business owners** such as sole proprietors, partnerships, LLCs, and S corporations, **who has individual income exceeding $400,000.** For those qualified for the QBI deduction, this will in effect potentially increase the tax bracket for high earners by 10%, going from 29.6% to the proposed highest rate of 39.6%. To add to this, **the value of the rate which itemized deductions can be taken would be capped at 28%, affecting those in tax brackets above 28%.**

Lastly regarding corporate taxes, the plan proposes to **raise the corporate income tax rate to 28%, offer tax credits to small businesses for adopting workplace retirement savings plans, impose 15% minimum corporate tax for reporting a net income over $100 million, and impose a minimum 21% global intangible low-tax income (GILTI) rate on foreign profits.**

Sources: *https://www.kitces.com/blog/biden-tax-plan-cuts-democrat-proposal-capital-gains-396-increase-estate-exemption-retirement-credit/*

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Planning Updates - continued from page 4

We want to highlight a few of the **2021 Annual Limits for contributions** in the table below. You'll see that the amount that you can contribute to your retirement accounts did not change. Note, though, that if you turn 50 this year, you can start deferring the catch-up contribution.

Retirement Plan Contribution Limits	**2020**	**2021**
Elective Deferral 401(k), 403(b), 457, and SARSEPs	$19,500	$19,500
Catch-up Contribution (50+)	$6,500	$6,500
IRA or Roth IRA	$6,000	$6,000
Catch-Up contribution (50+)	$1,000	$1,000
IRA Deduction Phase-Out for Active Participants		
Single	$65,000-$75,000	$66,000-$76,000
Married filing jointly	$104,000-$124,000	$105,000-$125,000
Married filing separately	$0-$10,000	$0-$10,000
Non-active participant married to active participant	$196,000-$206,000	$198,000-$208,000

Health Savings Accounts Maximum Deductible Contribution		
Individuals	$3,550	$3,600
Families	$7,100	$7,200
Catch-up contributions (55+)	$1,000	$1,000

Thank you to all who completed the survey that we sent out in January! **We will be using the responses from that survey to determine topics for articles and webinars throughout the year** answering your most pressing financial life planning concerns and interests. If you didn't complete the survey, **please feel free to send us an email with topics that you would like to explore!**

As we say goodbye to 2020 and look to the possibilities that 2021 brings, I'd like to borrow an old Irish Blessing:
"May the best day of your past be the worst day of your future!"
~Kathy

Investment Outlook

by Jared Jones, CFP®, CIMA®, CeFT®

Q4 Investment

Looking back at 2020 is something no one wants to do. Sitting at home on New Year's Eve watching all that had unfolded over the past 12 months left me wanting to turn off the TV and just move on. The last 12 months in the investing world were confusing to a lot of people. **At a high level we can look at the S&P 500 in 2020, and see record highs in February, followed by a 34% drawdown in 4-weeks, only to see new all-time highs on the last trading day of the year.** Below you can see exactly what that looks like... strange to see.

2020 began with many thinking we would see a continuation of the same strong economic and market performance we had in 2019. Not many – outside of perhaps Bill Gates – saw the threat of a global pandemic on the horizon. We all probably remember first hearing about a novel virus in China, and not thinking much of it. In February, things grew more concerning, and the consensus was this might turn into another SARS (the first one) or another H1N1. What we got in reality was a global pandemic that brought the global economy to an abrupt stop unlike anything we had seen before.

The week of March 9th is probably the week I'll remember most looking back. That was the week when it felt like it became clear that this was going to be bad. The NBA and most sports had cancelled games, and Tom Hanks had publicly announced he had contracted the virus. OWM thought we would test working remotely on Monday March 16th, however, we left on Friday, March 13th, and didn't return to the office for many months. Most businesses, other than those that were essential, had a similar experience.

By the week of March 9th, the S&P 500 had already seen a decline of over 20%, and from there things only got worse. There were negative performance days that drew comparisons to the worst parts of the Great Depression. March 16th saw a decline of 12.6% in the S&P 500 which second only in single day negative performance to "Black Monday" in 1987. Not only were stocks seeing massive declines, but the bond market was acting in ways that drew equally large concerns. Muni bond and high yield debt markets were in big trouble, and there were growing concerns about liquidity and investors being able to reach their principal.

Then on March 23rd, to the surprise of everyone the market officially bottomed. The Fed had stepped in to shore up debt markets, and stimulus from Congress to struggling businesses and individuals was on its way. The fastest market crash in history was over in just a little over 4 weeks. It was fast, but it was dramatic.

From there, the rest of 2020 saw a multi-faceted stock market recovery unlike any other recovery before. At first a lot of the large tech companies like Amazon, Google, Microsoft, and Facebook led the way and pulled the rest of the market along with them performance wise. However, by the end of the fourth quarter we saw a rotation away from the large tech companies and started to see solid performance coming from places in the market we hadn't seen in years. Small company stocks and value stocks (undervalued, often dividend paying) capped started to find their legs and caught up to their counterparts. The speed and resilience of the recovery through the end of the year left many confused.

2020 reiterated some classic lessons in investing. Investing is challenging because it requires you to do the opposite of your instincts in some instances. Our brains are wired to act when we're confronted with danger, and seeing your hard-earned savings shrink by 20% in 4 weeks feels very dangerous. There's an overpowering urge to do something, when doing nothing might be the best course. Those investors who got out of the market found themselves waiting for the slow pitch right down the middle of the strike zone to jump back into the market. What happened instead was a gnarly 105 mph curveball. From this "curveball" 2020 taught

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some hard lessons, and I thought this might be a good place to share my top 3.

1. **Trying to time the markets is impossible**. It would have taken the steeliest of stomachs to take a swing at the 105-mph curveball on March 24th, the day after the bottom. No one had any confidence in the markets or economy. However, that is exactly what you would've had to do to perfectly time the markets. We talked to a number of our clients in March and April about selling a piece of their portfolio to protect from losing more, and we tried to communicate the same thing in each case. Deciding to get out of the market is easy, but no one asks themselves how they are going to get back into the market. That's exactly what you should be asking yourself. The answer, unfortunately, is that when you sell you permanently lock in that loss, and we're not going to perfectly time the right point to get back in. As your advisor, we want to be working with you to take a step back from the ledge and avoid having to try to time the markets. That leads to lesson 2...

2. **When in doubt, dollar cost average.** Dollar cost averaging is the best tool we have to avoid trying to time the markets. Dollar cost averaging is setting up an equal and systematic system to invest into the market. By spreading out your entry points, you lessen the risk of entering the market at the exact wrong point. When you're unsure about the direction of the markets, which was true for all of 2020, dollar cost averaging is a great way to think about getting back in.

3. **Diversification is the only "free lunch" in investing.** Prior to the 34% drawdown from mid-February to mid-March the U.S. was in an 11-year bull market - the longest bull market of all time. Many people were wondering why they were holding bonds at all. The answer became clear when markets started declining. With a 60/40 portfolio you capture about 80-90% of the performance of a 100% stocks portfolio with a fraction of the risk. That's the difference between seeing your portfolio decline 34% and a milder 15-20% decline. Diversification is also useful during unprecedented times when you don't know for sure how asset classes will perform. By being diversified you set yourself up to catch the wave wherever it may wind up being. This proved to be very beneficial towards the end of the year when there was a rotation in what was performing well.

As we turn the page on 2020 and look towards 2021, there is a clear sense apprehension and uncertainty that we can keep the party going. When people look at the stock market and see all time highs, especially when the economy isn't on the best footing, that's always good reason for concern. The market has done a great job looking past some of the concerning statistics and figures from the economic side of things, but can that continue on? Here are a few things we are watching in the markets and economy in 2021:

- **How effective is vaccine distribution?** This one seems pretty obvious, but everything is hinging on the global population being inoculated in an orderly and efficient fashion. We'd expect the market to take note if by the spring we haven't made meaningful strides towards the goals set in place.
- **Unemployment.** As we judge the economic recovery, unemployment is the measurement that most will look to. From the jobs that have been lost, which ones are temporary, and which are permanent? We also want to be looking at the length of unemployment to get a sense of which way things are trending. It will take some time for the long-term scarring of the pandemic to show.
- **Will we see inflation in 2021?** There has been much concern over the amount of debt the US has racked up over the past year. Economics 101 tells us that an increase in the dollar supply eventually leads to inflation. However, inflation has been illusive since the 2008/2009 financial crisis. It's reported that Americans are sitting on $1.3 trillion of savings, and we may not see inflation until those dollars start coming off the sidelines....or we might not see it for years to come. Inflation is worth paying attention to, however, as there are many investing and planning considerations to think through if we begin to see a rise.
- **New stock market leaders?** It's a wide held belief that with new market cycles comes new leaders. Over the past decade, markets have been dominated by U.S. stocks, large company stocks, and growth-oriented stocks. Towards the tail end of 2020 we began to see a shift that value stocks and small cap stocks were starting to pull ahead – can that trend continue? And finally, will International stocks finally beat US stocks?

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Investment Outlook - continued from page 7

A Word from SEI on their 2021 Outlook:

Since September, stocks that had been outpacing the market took a pause, and we saw a rebound by those that had been left behind. Value stocks outpaced their growth counterparts to varying degrees across geographies and market capitalizations (most notably within U.S. large caps). While we have observed signs of potential normalization that seem to support the prospects for a style regime change, it is probably too early to tell if this is the beginning of a major secular shift in equity investment themes. Still, we remain confident that the divergence in performance that was a hallmark of the past decade will be reconciled.

Within the geopolitical realm, the last-minute Brexit deal succeeded in removing a measure of uncertainty in financial markets, although challenges remain as the deal addressed the transfer of goods but not commerce in services. **Post-Brexit, U.K. prices will likely end up being a bit higher, gross domestic product a bit lower, and supply chains a bit more unreliable. U.K. equity valuations, in our opinion, reflect much of the bad news.**

Like so many other relationships in the equity market, the underperformance of eurozone equities has been going on for a long time. The European economy is more cyclical, value oriented and less dynamic than the U.S. economy. But that certainly does not prohibit a rebound in performance against the U.S. stock market at a time when the latter appears to be excessively tilted toward technology stocks, the dollar is weakening, and a global economic recovery is at hand.

While the pandemic finally forced Germany and other like-minded conservative countries to allow an expansion in fiscal policy, we think that there is greater need for other countries outside the eurozone to regain control of their finances. If those countries fail to do so, Europe could be the beneficiary of investment flows that would further prop up the euro and equity valuations.

Emerging-market equities have been racing higher since they bottomed out last March. However, the MSCI Emerging Markets Index is still just above its previous high-water mark recorded in January 2018. Frontier markets did not fare as well. The MSCI Frontier Emerging Markets Index (total return) has yet to surpass its most recent pre-pandemic high level recorded last January.

Fortunately, the combined efforts of global central banks prevented a liquidity crisis and drove borrowing costs down to near-record lows even as total emerging-market debt exceeded 200% of gross domestic product (GDP). **As the world returns to normal, countries may need to raise rates in order to attract sufficient investment inflows to sustain their fiscal and current-account positions.**

A weak U.S. dollar is an important catalyst for emerging-market performance. **We expect that the coming year will see emerging equities relative performance improve, partly because the dollar should continue to weaken.**

Closing Words from OWM

2021 looks to be a year for hope and possibility. There is hope that we can all get back to a more normal life. As a result of things slowly returning to normal, we hope that has good implications for both businesses and individuals, and as a result the markets have a good year. However, there are plenty of questions and concerns that remain. There's no way to know for sure where things go exactly from here. If you have any questions or concerns about your investments and portfolio, please always reach out to your OWM advisor team.

2020 Year to Date Performance as of 12/31/2020 by Index:

Benchmark	Benchmark Returns YTD	Category
Dow Jones Industrial Average	+7.25%	U.S. Large Cap Stocks
S&P 500 Index	+18.40%	U.S. Large Cap Stocks
Russell 2000®	+19.96%	U.S. Small Cap Stocks
MSCI EAFE Index	+7.82%	International Stocks
Barclay's Global Aggregate Bond	+7.51%	Intermediate Term Bonds

Why We Don't Buy Bitcoin

As Bitcoin begins to take off for a second time, capturing headlines and the imaginations of investors, we thought it would be prudent to provide OWM's view. Cryptocurrency has made a name for itself over the last decade, and we don't see it going away anytime soon. As a technology it has the potential to revolutionize finance and banking in a way that can seem difficult to wrap your head around. However, currently as an investment it's much less clear. Crypto markets are still maturing, and the supportive data on pricing the coins is very difficult to understand. Due to the volatile nature, we feel this makes cryptocurrencies unsuitable for pursuing one's financial goals – especially to those clients who can't afford permanently losing money. To our younger and/or more risk-seeking clients, we would recommend considering limiting your investments to an amount that won't "make or break" you. To put that in context, we typically recommend an allocation to non-traditional assets, like Bitcoin, of no more than 5% of their portfolio for our most risk tolerant clients.

SEI New ways. New answers.®

Why We Currently Don't Buy Bitcoin—Or Any Other Cryptocurrency

JANUARY 2021

James Smigiel
Chief Investment Officer
Non-traditional Strategies

Snapshot

- Investor interest in cryptocurrencies has increased exponentially as bitcoin recently surpassed its all-time high.
- Dramatic action by global central banks and governments to combat the COVID-19 pandemic has led to a massive increase in government debt, boosting interest in traditional "hard" stores of value such as silver and gold.
- The finite nature and lack of state sponsership have been tailwinds to bitcoin in these unusual times; however, cryptocurrencies remain generally in their infancy. Extreme volatility and sky-high regulatory risks make the asset class a highly speculative investment and not an appropriate strategic holding in a goals-based investment portfolio.

Cryptocurrencies, a digital media of exchange originally designed in response to the global financial crisis, are once again grabbing headlines. After a gain of more than 1000% in 2017, their combined market value fell close to 80% over the next 12 months. Recently however, bitcoin has rebounded substantially, surpassing its all-time high, and investors are once again questioning the potential role of cryptocurrencies in a broad investment portfolio (Exhibit 1).

Exhibit 1: Bitcoin Surpasses 2017 Peak

Source: Bloomberg. Data as of 1/15/2021 12:00:00.

As COVID-19 wreaked havoc through 2020 on the global economy, monetary and fiscal policy authorities responded with stimulus measures that far eclipsed responses during the global financial crisis. For example, over a three-month span in 2008, the U.S Federal Reserve (Fed) added $1.3 trillion of assets to its balance sheet. By comparison, in the three months

Click here to download article

DON'T **FORGET -** Important Dates and Reminders

Thursday, February 11th at 5:30 p.m. - CyberSecurity Webinar

Monday, February 15 - Presidents Day

Sunday, March 14 - Daylight Savings

Be sure to check out the following sites for the latest updates from OWM:

YouTube

Facebook

LinkedIn

Operations' **CORNER**

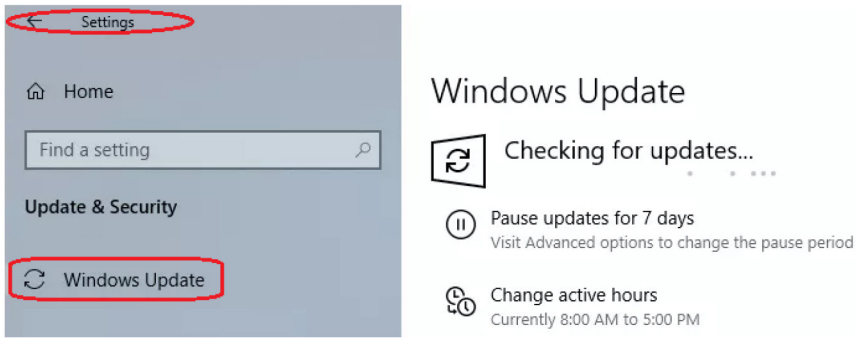
by Andrew Mehari, CFP®

It is a new year, a great time to think about your technology capabilities and to secure your computer systems. Our gift to you, is a brief review of all the cyber-security threats you need to be paying attention to.

Protect Against an Infection

Update your systems and software: Be careful of software or applications that have unfixed bugs, old patches, or other vulnerabilities that make it easier for hackers to infiltrate.

- For *Windows operating systems*, check the update status of your machine by clicking on "Settings" > "Windows Update"



- For *Mac operating systems,* navigate to "System Preferences" from the Apple menu, then click "Software Update" to check for updates.

- **If you use videoconferencing software such as Zoom, GoToMeeting, or GoogleMeet, makes sure you are using the latest version – update if necessary!**

Utilize anti-virus software: Download and use an anti-virus application from a trusted source, specifically designed to stop malware. Though it cannot detect all forms of malicious programs, it should be able to catch and remove most infections that standard operating systems would not.

- Some popular and well-reviewed anti-virus applications worth checking out:
  - Windows computers: Norton Plus, Kapersky for Windows, Avira Pro
  - Mac computers: Bitdefender, Intego, Kapersky, Norton 360, Trend Micro

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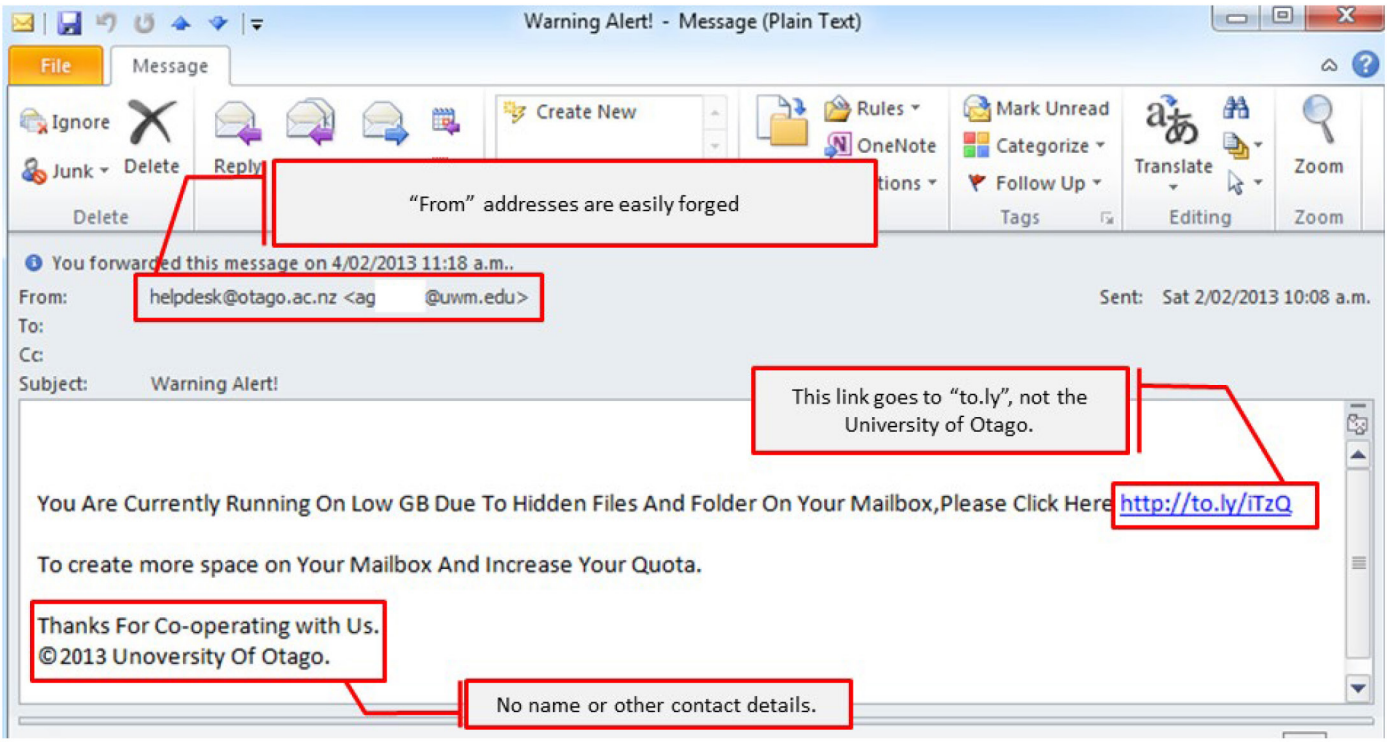
Operations' Corner - continued from page 10

Avoid clicking spoof links from phishing e-mail attacks: Hackers can trick e-mail users into clicking malicious links via e-mail, usually by posing as one's employer, bank, or even family member. At first, the e-mail may seem legit, but if it contains a malicious link posing as a login URL or attachment that the user either clicks on or opens/downloads, the user could activate the malicious code that infects their computer or operating system. **Note: If a message creates a strong sense of urgency or seems too good to be true, it could be an attack. Be vigilant – cyber attackers play on your emotions. — Common sense is often your best defense.**

- What to look for in spotting a phishing e-mail:



What is Ransomware?

Ransomware is a type of malicious software (malware) that is designed to hold your files or computer hostage, demanding payment for you to regain access. Ransomware has become very common because it is so profitable for criminals.

Like most malware, ransomware starts by infecting your computer, most often when you open an infected attachment or click on a malicious link in a phishing email. Once ransomware infects your computer, it encrypts files on your hard drive – possibly even your entire hard drive – or anything else connected to your computer, so you can no longer access your files. It then informs you that the only way you can recover your files is to pay the cybercriminal a ransom (thus the name ransomware).

Sometimes, the criminals also threaten to release your files publicly if you don't pay the ransom. The criminals may demand payment in the form of untraceable digital currency, such as Bitcoin. If you pay the ransom, the criminals

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might give you access to your files, but there are no guarantees. Sometimes they will even take your money and still leave your computer infected without you knowing it or will continue to ask for more money. The tips provided above should help you fight off any potential future ransomware attacks!

Sources:
https://www.sans.org/security-awareness-training/resources/ransomware
https://www.techradar.com/best/best-mac-antivirus-software
https://www.techradar.com/best/best-windows-10-antivirus

Join us for our upcoming webinar on cybersecurity and working-from-home best practices!

SAVE THE DATE:
Upcoming Omega Webinar on Cyber Security on February 11th

We know that increasingly, cyber security and fraud are issues that many of Omega's clients have faced. In an effort to get your year off to the right (and more secure) start, we are hosting a webinar on working from home best practices, and cyber tips and tricks on Thursday, February 11th at 5:30 p.m. – 6:30 p.m. EST. Guest speaker Jim LaPiedra, Managing Partner of Guided Professional Solutions LLC, and Andrew Mehari, Omega's Operation Manager will be panelists on the webinar.

Please contact Carol at carolk@omegawealthmanagement.com for more details.

Business Owners' Corner

We shared the following in an email recently and want to make sure that everyone got this information:

New funding has been allocated for **both first-time loans and for businesses seeking a second draw.** The Small Business Administration (SBA) has issued initial guidance on how the second draw program will operate. The Second Draw PPP Loan began Wednesday, January 13th. Second Draw PPP Loans can be used to help fund payroll costs, including benefits. Funds can also be used to pay for mortgage interest, rent, utilities, worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism during 2020, and certain supplier costs and expenses for operations.

Here is information we received from one of our banking contacts that they gathered from SBA's initial guidance:

Eligible borrowers:

- *Fewer than 300 employees*
- ***Must have a reduction in quarterly revenues of at least 25% compared to the same quarter in 2019***
- ***Stock not traded on a national exchange***
- ***501(c)(6) are eligible, but any entity for which lobbying comprises more than 15% of receipts or activities is not eligible***

Maximum Second Draw PPP Loan – *2.5 times average monthly payroll or $2 million, whichever is less.*

- *Businesses in the restaurant and hospitality industries are eligible for loans for 3.5 times average monthly payroll up to $2 million*

What we have learned:

- *For returning borrowers, the bank will be able to utilize the documentation collected during the First Draw Loan program.*
- ***For loans <u>over</u> $150,000, you will be required to submit documentation showing the 25% reduction in sales from a quarter in 2019 compared to the same quarter in 2020, or by year-over-year comparison. This will be accomplished by review of either Profit & Loss statements (or other Revenue reports) or by submitting your 2019 and 2020 tax returns for the business.***
- ***For loans <u>under</u> $150,000, borrowers may wait to provide documentation about the 25% reduction in sales until the time of the forgiveness application.***
- ***As a borrower, you do not need to apply for forgiveness of your First Draw Loan prior to applying for a Second Draw Loan. However, you will need to document that the money has been spent before the Second Draw Loan can be funded.***
- ***The program ends March 31, 2021.***

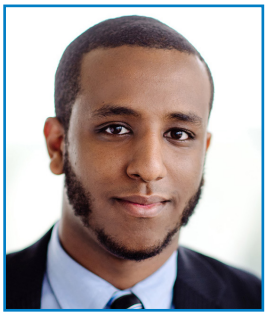
The SBA site also states that all Second Draw PPP Loans will have the same terms regardless of lender or borrower. You can find a participating lender through this link from the SBA site: SBA Lender Match

If you need a banking relationship, we may be able to provide an introduction; please contact Lisa directly: Lisa@OmegaWealthManagement.com.

OWM TEAM UPDATES

For the last few Januarys, we have welcomed a winter intern from Hollins University in Roanoke, Virginia. The all-female university has brought us some very interesting, smart and ambitious young women who come to work with us and learn about our financial planning profession and business. **This year, we have been lucky to have Aditi Sharma.**

Hello! My name is Aditi Sharma. I am a senior double majoring in Business Finance and Applied Economics at Hollins University. I am originally from Kathmandu, Nepal. I have been interning under the Omega Wealth Management team for the month of January. So far, I have had opportunities to sit in client meetings, shadow the advisors, update security types of the funds and the profit/loss analysis for the team. I am grateful for the opportunity to learn and be a part of such skilled professionals. I look forward to building my knowledge about financial planning and analysis in my time here.



Another exciting update that will positively impact our support to you is that Andrew Mehari recently passed the CFP® exam! While he serves as our Operations Manager, having achieved the knowledge and accreditation that comes with this designation, **Andrew can assist with basic recommendations for raising cash from your portfolio while also having a more holistic understanding of our clients' needs from an operational standpoint.**

In an effort to continue to deepen our client support as we have grown over the last 2 years, we are also bringing back some of our virtual support in the financial planning and client service areas. Over time, you may have the opportunity to connect with one of our associates at Virtual Partners Group for basic client servicing issues and also while Andrew is out on vacation. We worked with VPG prior to Andrew coming on board and now that we are working with more complex clients with more significant service needs, it's time to expand our capabilities. Welcome Carli Wolffe to the virtual team at Omega!

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OWM TEAM UPDATES

As we mentioned in the last newsletter, Lisa has joined the national Board of the Financial Planning Association as of January 1st. She will also be a Board Liaison to the Diversity & Inclusion Committee. In addition, her article "Why Haven't We Made More Progress?" about diversity & inclusion was the cover story in the Journal of Financial Planning last November and went on to become one of the best Journal articles of the year in 2020. To read it, click here.

As a result of Lisa's growing professional, and more importantly, business management & leadership responsibilities, Lisa will need to begin shifting some of her client advisory responsibilities in the future. We have been working for the last few years to build a competent, caring team of now 5 CFPs (with another new associate coming in June) that can meet your needs. We look forward to our meetings with you this winter and spring to get up to speed on your goals for the year, review your portfolio, and discuss other important financial planning and tax considerations!

OWM FAMILY UPDATES

Davis Gardner and long-time girlfriend, Bailey Katsarelis

Last quarter we announced the engagement of Jared Jones & Lauren Barmer. We are now excited to announce that Davis Gardner has gotten engaged to his long-time girlfriend, Bailey Katsarelis! Bailey is a teacher- bless her for having to virtually teach through this pandemic. They are planning a 2022 wedding.

BOOKS & **RESOURCES**

At the beginning of each year, we like to offer several apps that can help you get your year off to a good start:

In Finance

Mint and the more robust, subscription offering **Simplifi** - to help you track your expenses better, build a budget and get emails sent to you when you get a bit "off-track".

CreditKarma- we all know how important your credit score is to many financial decisions, as well as things like getting a job, securing an apartment or the cost of your auto insurance. We urge you to regularly monitor your credit score and once a year consider getting a copy of all your credit reports to make sure there are no errors. https://www.annualcreditreport.com/index.action

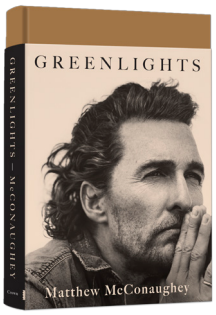
In Health (because good health can positively impact your finances as well as your well-being)

Noom – a number of Omega team members have success with the coaching-oriented fitness app.

LoseIt – This app takes the complexity out of losing weight by creating a personalized weight loss plan for you based on factors such as your age, height, weight, activity level, and weight loss goals.

MyFitnessPal – This app helps you keep track of your daily food and beverage intake, calculating all your nutrients, calories, and vitamins for you.

Books:



Green Lights - by Matthew McConaughey

Green Lights written by Matthew McConaughey is a compilation of 50 years of his insights and notes he kept over the years about how to catch more yeses in a world of no's. This is a book about catching greenlights and realizing that the yellows and reds eventually turn green too.

Podcast

Washington Wise Investor

Hosted by Mike Townsend, Charles Schwab's Vice President for Legislative and Regulatory Affairs, focuses a non-artisan eye on the stories that matter most to investors and his guests offer actionable suggestions for what to do–and what not to do–with your portfolio.

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- Prospective new client inquiries

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- Support client service & meeting preparation process
- Coordinator for financial planning
- Prospective new client inquiries

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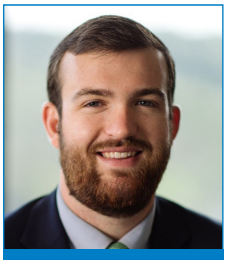

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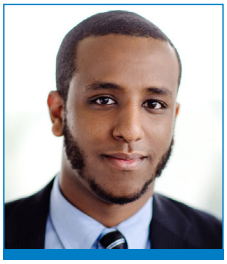
- Support client service & meeting preparation process



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- Pay Simple fee payment support
- Business and financial operation

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- Appointment scheduling

Omega
WEALTH MANAGEMENT
Integrating your values, vision and wealth

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