

Financial Insight

Security For Generations



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Employer Life Insurance

We are commonly asked by clients whether they should participate in Group Life Insurance through their employer. The answer depends on several factors, such as which of the following types are being offered.

Basic Group Life Insurance:

Many employers offer some level of free life insurance as an employee benefit. Most commonly it is Basic Group Life Insurance and the amount provided is between \$25,000 and an amount equal to one year of your salary – though we do see some variation. This type of coverage is generally guaranteed, meaning you don't need to prove any health status or have a medical exam. Because this type of coverage is free there is no reason not to take advantage of it.

Supplemental Group Life Insurance:

If your employer offers you the opportunity to purchase more coverage, it is known as Supplemental Life Insurance. Again, this amount will vary from employer to employer, but we have seen amounts offered as high as \$500,000 or five times your annual salary. This type of coverage may require a health questionnaire where they would use those answers to determine your rates.

Group coverage may make sense and provide a more affordable premium if you have a pre-existing condition. While this type of coverage may work for a time, it is tied to employment, so if you intend to retire, change jobs, or have concerns for your job security, it should be supplemented with private insurance.

Accidental Death & Dismemberment:

Accidental Death and Dismemberment (AD&D) Insurance is sometimes added as a rider or offered to employees at a very low price point. The reason the expense is so low is due to the fine print. This type of coverage typically comes with significant coverage limitations and does not pay if the insured died due to natural causes, such as cancer or heart disease. Because of the limitations of this type of coverage, it rarely (but sometimes) makes sense to pay for this benefit.

In summary, when seeking life insurance, you should work with your Advisor to come up with a strategy to get the most coverage, for the best price, that fully considers your job status now and the time frame for which you will need the insurance coverage.

*Happiness is not
a goal . . . It's a
by-product of a
life well lived.*

Eleanor Roosevelt



The real test in golf and in life is not in keeping out of the rough, but in getting out after you are in. — Zig Ziglar

New Team Member: Meyer Carriger

Meyer Carriger is our new Investment and Operations specialist here at GEN. He will be the primary trader for client investment accounts. As part of his role, he will occasionally reach out to clients with investment accounts managed by GEN. Please give him a warm welcome if he calls you soon!

Meyer grew up in St. Louis Park, Minnesota. He graduated with honors from Providence College in Rhode Island and received a degree in Business Administration. Over the past 10 years, he gained a diverse set of skills and expertise in investment operations while working at two Fortune 500 banks and a global hedge fund. Relying on this experience, Meyer handles GEN Financial Management's trading and rebalancing duties and is a member of the GEN Financial Investment Committee. He obtained the Series 7 license and is now completing the education requirements to sit for the Certified Financial Planner exam.

Meyer lives in Plymouth and is active at his church as a LifeGroup Leader and participant in various Bible groups. He serves in a leadership role within ICCM Life Center Minneapolis which provides outreach to the inner-city community. Meyer also enjoys spending time with friends, reading, camping, and running.



FIRST QUARTER MARKET RECAP

Similar to 2020, the performance headlines so far this year do not tell the full story. Performance and valuations are widely dispersed. This is true both across sectors and within them. The Consumer Discretionary sector is trading 76% higher than its average. Information Technology and Industrials are both trading about 50% higher than normal. Financials, Healthcare, Utilities and Real Estate are trading near normal levels.

A huge unknown is how taxes are going to change and what that may mean for the economy and the markets. We believe taxes are broadly going higher. What we don't know is which ones and by how much. We think a reasonable base case looks as follows:

- 1) The top personal income tax rate goes back up to 39.6%
- 2) The corporate tax rate goes from 21% to between 24% and 28%
- 3) The top rate on capital gains and dividends increases to 24% from the current 20%
- 4) There will likely be a lower exemption for the estate tax

In the short term we believe the negative impact of higher taxes will be offset by government spending. Between the massive stimulus bills related to COVID under both Biden and Trump, vast sums (over \$4 trillion) were injected into the system. These funds are being used in a variety of ways, but generally stimulate economic growth.

The bottom line is that the government spending will keep the economy and therefore the market humming in 2021. But the spending should not continue at these elevated levels. Taxes will increase. It will take time at higher tax rates to work down the debt. This is where the economy will have to grow more slowly because we have the drag of the taxes without the boost of the spending. This doesn't mean the economy needs to fall into recession. It simply means it will grow more slowly.

We will continue to monitor your portfolios with diligence and make changes to best help you capitalize upon the opportunities that present themselves in this rapidly changing world.

Wishing you a fantastic spring and summer!

*Materials discussed in this newsletter are meant for informational purposes only.
Always seek professional advice before making any decisions.*

We welcome your thoughts, comments and suggestions regarding our newsletter.
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