

Paul Miller Advisory Monthly



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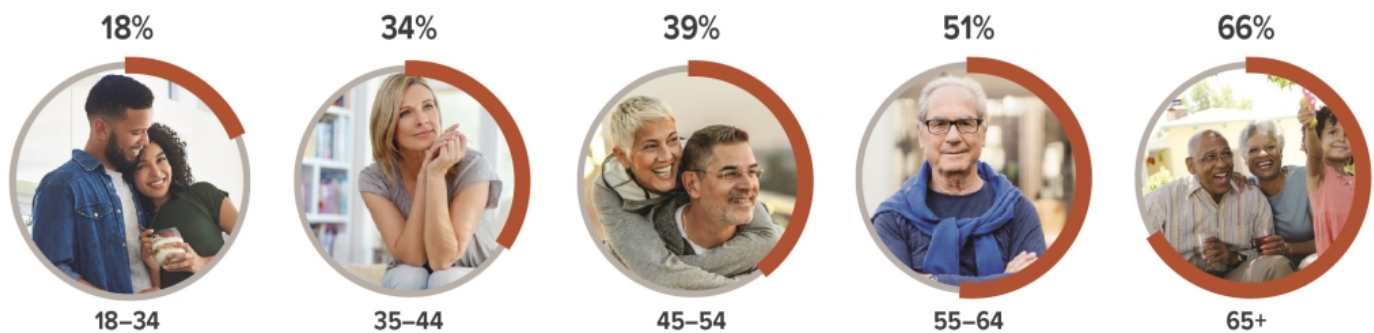
Hello Everyone, I hope all of you are doing well. Just a few takeaways this month. A survey showed that the US population believed that 20% of population had been infected by Covid-19, and that 9% have died --totally overestimating the confirmed cases by 20X and the deaths by 225X. Perception can be very misleading.

As to the markets, the US Presidential elections are approx 2 months away, against a backdrop of pandemic, social unrest, economic recession, and the fastest bear market to one of the fastest stock market recoveries; the election couldn't come at a more turbulent time. Historically bear market/recession have not served incumbents well. Yet markets don't see red or blue but simply green, and over the long term have gone up regardless of party affiliation or election outcomes. Fed set interest rates, innovation, and ongoing consumer spending should dictate what the markets will do. A good time to do a review of portfolio construction and ways to lessen volatility.

Do You Have a Will?

Although 76% of U.S. adults say having a will is important, only 40% actually have one. The most common excuse is, "I just haven't gotten around to it." It's probably not surprising that older people are more likely to have a will, but the percentage who do is relatively low considering the importance of this legal document.

Percentage of U.S. adults who have a will, by age group



Source: Caring.com, 2019

The Changing College Landscape

The 2020-2021 academic year is right around the corner, and the coronavirus pandemic has upended the college world, like everything else. Not only has COVID-19 impacted short-term college operations and student summer plans, but the virus could end up being the catalyst that changes the model of higher education in the long term. Here are some things to know about the changing college landscape.

College funds. Market volatility has been at record high levels this year, and college nest eggs may have taken a hit. Parents who have lost their jobs or otherwise suffered significant economic hardship due to COVID-19 might reach out to their child's college financial aid office to inquire about the possibility of a revised aid package, if not for fall then for spring.

Parents of younger children may want to review their risk tolerance and time horizon for each child's college fund. Parents who are using a 529 plan to save may have experienced one of the drawbacks of these plans in 2020: the restriction that allows only two investment changes per year on existing 529 account balances. This limitation can make it more difficult to respond to changing market conditions.

Student loan payment pause. The Coronavirus Aid, Relief, and Economic Security (CARES) Act enacted in March 2020 created a six-month automatic suspension of student loan payments for millions of federal student loan borrowers, along with a six-month interest freeze. The six-month period ends on September 30, 2020. Borrowers who anticipate having trouble restarting their monthly payments in October can contact their loan servicer to inquire about eligibility for an [income-driven repayment](#) plan.

Potential refund for spring room and board. Colleges were one of the first sectors to act in the early days of the coronavirus outbreak, asking students to extend their spring breaks in March and then directing them to stay home for the rest of the semester and finish classes online. Many colleges offered partial refunds for room-and-board costs for March, April, and May, but only for students living in dorms and on a college meal plan, not for off-campus students. If you think your son or daughter may have been entitled to a refund and didn't get one, contact the college to inquire.

Updated health guidelines for fall. Students heading back to college will likely find updated guidelines on social distancing and best practices for health and wellness, with potential restrictions on almost every facet of college life, including living in dorms, attending classes, eating in dining halls, and participating in student activities. Some programs may be limited or unavailable, such as studying abroad. Make sure your child has up-to-date health insurance and knows how to contact the campus infirmary if the need arises.

Interest Rates on Federal Student Loans

Interest rates on federal student loans have decreased to record lows for the 2020-2021 academic year. The new rates apply to federal Direct and PLUS Loans disbursed July 1, 2020, through June 30, 2021.

	2020–2021	2019–2020
Direct Loans: Undergraduates	2.75%	4.53%
Direct Loans: Graduate Students	4.30%	6.08%
PLUS Loans: Parents and Graduate Students	5.30%	7.08%

Source: U.S. Department of Education, Office of Federal Student Aid, 2020

Expanded online learning. Many colleges were already offering online classes before the coronavirus outbreak, but the pandemic shined a spotlight on this critical capability. Look for colleges to ramp up their online course offerings and make them more widely available to all students, not only during times of crisis but as part of a typical semester's course offerings. Some colleges might even require their fall semesters to be entirely online. Students will need to continually embrace new technology related to remote learning.

College selection. The coronavirus may have a long-term impact on how students choose colleges going forward. Cost is likely to play an even greater role, as many families may have less income and savings to put toward college expenses. This is likely to sharpen the focus on a college's net price. Location may also play an outsized role. Will students choose colleges closer to home for logistical and personal reasons? If so, look for state flagship schools to become even more popular, which will in turn increase their competitiveness.

All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful.

Four Things to Consider Before Refinancing Your Home

Mortgage refinancing applications surged in the second week of March 2020, jumping by 79% — the largest weekly increase since November 2008. As a result, the Mortgage Bankers Association nearly doubled its 2020 refinance originations forecast to \$1.2 trillion, the strongest refinance volume since 2012.¹

Low mortgage interest rates have prompted many homeowners to think about refinancing, but there's a lot to consider before filling out a loan application.

1. What is your goal?

Determine why you want to refinance. Is it primarily to reduce your monthly payments? Do you want to shorten your loan term to save interest and possibly pay off your mortgage earlier? Are you interested in refinancing from one type of mortgage to another (e.g., from an adjustable-rate mortgage to a fixed-rate mortgage)? Answering these questions will help you determine whether refinancing makes sense and which type of loan might best suit your needs.

2. When should you refinance?

A general guideline is not to refinance unless interest rates are at least 2% lower than the rate on your current mortgage. However, even a 1% to 1.5% differential may be worthwhile to some homeowners.

To determine this, you should factor in the length of time you plan to stay in your current home, the costs associated with a new loan, and the amount of equity you have in your home. Calculate your break-even point (when you'll begin to save money after paying fees for closing costs). Ideally, you should be able to recover your refinancing costs within one year or less.

While refinancing a 30-year mortgage may reduce your monthly payments, it will start a new 30-year period and may increase the total amount you must pay off (factoring in what you have paid on your current loan). On the other hand, refinancing from a 30-year to 15-year loan may increase monthly payments but can greatly reduce the amount you pay over the life of the loan.

3. What are the costs?

Refinancing can often save you money over the life of your mortgage loan, but this savings can come at a price. Generally, you'll need to pay up-front fees. Typical costs include the application fee, appraisal fee, credit report fee, attorney/legal fees, loan origination fee, survey costs, taxes, title search, and title insurance. Some loans may have a prepayment penalty if you pay off your loan early.

4. What are the steps in the process?

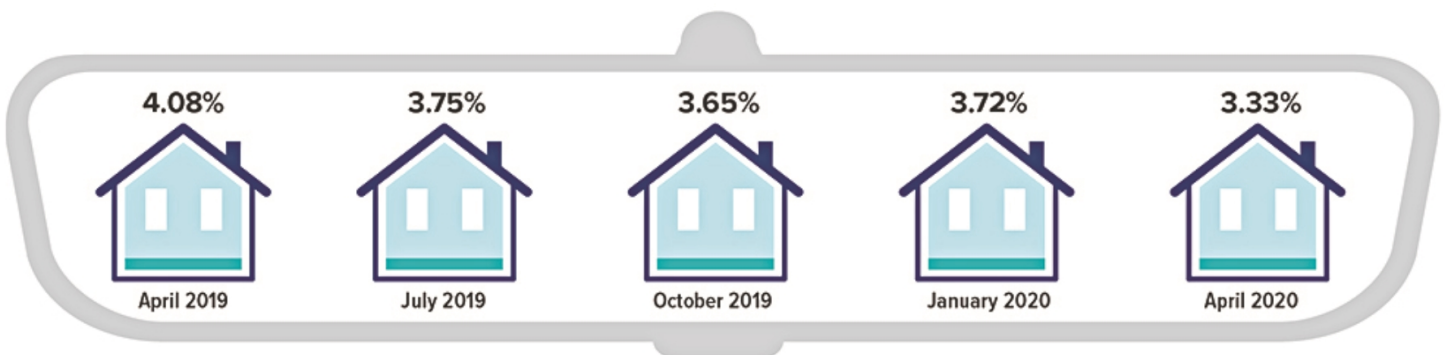
Start by checking your credit score and history. Just as you needed to get approval for your original home loan, you'll need to qualify for a refinance. A higher credit score may lead to a better refinance rate.

Next, shop around. Compare interest rates, loan terms, and refinancing costs offered by multiple lenders to make sure you're getting the best deal. Once you've chosen a lender, you will submit financial documents (such as tax returns, bank statements, and proof of homeowners insurance) and fill out an application. You may also be asked for additional documentation or a home appraisal.

1) Mortgage Bankers Association, March 11, 2020

Rear-View Look at Mortgage Rates

In a single year, the average rate for a 30-year mortgage fell by 0.75%. Low mortgage interest rates often prompt homeowners to refinance.



Source: Freddie Mac, 2020 (data as of first week of April 2020)

Three Things to Consider Before Your Next Trip

The health and economic crisis created by the coronavirus (COVID-19) pandemic will have a long-lasting impact on how we all will travel going forward. And though it may be difficult to think about planning a trip during these uncertain times, here are some things to consider if you do decide to travel.

1. Check your travel provider's cancellation policy.

As a result of the coronavirus pandemic, many airlines and hotels have relaxed their cancellation policies by waiving traditional cancellation and change fees. The type of reimbursements will vary, depending on your travel provider, but may range from full refunds to vouchers/credit for future travel. It's important to contact your travel provider directly to find out their individual cancellation policies before booking.

2. Be aware of travel advisories. During the height of the coronavirus pandemic, global travel advisories were at an all-time high, and domestic travel advisories were issued for certain geographic areas within the United States. Your first step before planning any travel should be to check the travel advisories for your destination. Be sure to visit the U.S. Department of State website at state.gov, along with your state and local government, for up-to-date travel warnings.

3. Read the fine print. Before you purchase a trip cancellation/interruption insurance policy, read the fine print to determine what is specifically covered.

Typically, it will reimburse you only if you cancel your travel plans before you leave or cut your trip short due to an "unforeseen event" such as illness or death of a family member. Most policies with cancellation and interruption coverage will exclude a "known event" such as COVID-19 once it's declared an epidemic or pandemic.

If you are concerned about having to cancel or cut short a trip due to the coronavirus pandemic, one option you may have is to purchase additional "cancel for any reason" (CFAR) coverage. This is usually an add-on benefit to certain traditional trip insurance policies and allows you to cancel your trip for any reason up to a certain date before your departure (typically 48 to 72 hours) and will reimburse a percentage of your trip cost.

CFAR coverage can cost quite a bit more than a basic trip cancellation/interruption policy and may have additional eligibility requirements. In addition, you usually have to purchase CFAR coverage soon after purchasing your original policy (typically within two to three weeks).

IMPORTANT DISCLOSURES

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Investments in securities involve investment risk, including possible loss of principal amount invested. Investment return and principal value will fluctuate so that the investment, when redeemed, may be worth more or less than the original investment. Additional disclosure is available in our Disclosure Brochure (Form ADV Part 2A), which can be accessed on the firm's website www.paulmilleradvisor.com.

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