

## End-of-the-Year Money Moves

Here are some things you might consider before saying goodbye to 2021.

**What has changed for you in 2021?** For some, this year has been as complicated as learning a new dance. Did you start a new job or leave a job behind? That's one step. Did you retire? There's another step. If notable changes occurred in your personal or professional life, then you may want to review your finances before this year ends and 2022 begins. Proving that you have all the right moves in 2021 might put you in a better position to tango with 2022.

Even if your 2021 has been relatively uneventful, the end of the year is still a good time to get cracking and see where you can manage your overall personal finances.

**Do you engage in tax-loss harvesting?** That's the practice of taking capital losses (selling securities worth less than what you first paid for them) to manage capital gains. You might want to consider this move, but it

should be made with the guidance of a financial professional you trust.<sup>1</sup>

In fact, you could even take it a step further. Consider that up to \$3,000 of capital losses in excess of capital gains can be deducted from ordinary income, and any remaining capital losses above that amount can be carried forward to offset capital gains in upcoming years.<sup>1</sup>

**Do you want to itemize deductions?** You may just want to take the standard deduction for the 2021 tax year, which has risen to \$12,550 for single filers and \$25,100 for joint filers. If you do think it might be better for you to itemize, now would be a good time to get the receipts and assorted paperwork together.<sup>2,3</sup>

**Are you thinking of gifting?** How about donating to a qualified charity or non-profit organization before 2021 ends? Your gift may qualify as a tax deduction. (continued on page 2)

## Mixed Signals on Inflation

What to know as markets look forward. Are you having a tough time keeping track of inflation's mixed signals? You're not alone.

Consumer prices in July climbed at their fastest rate since August 2008. Worse, producer prices, which can be an indicator of future price changes at the consumer level, rose at the highest rate since tracking began.<sup>1</sup>

However, in recent weeks, the stock market has shrugged off the inflation news, believing that the worst is over and rising prices will moderate in the future.

It's important to remember that the stock market is a discounting mechanism, which means it's always looking forward. Put another way, the stock market's price today represents all available information about current and future events. How far forward is the stock market looking? Most would agree it's "discounting" activity six to nine months into the future.<sup>2</sup>

Does that mean inflation will be lower in six to nine months? That's what the stock market is suggesting. But the stock market also has a less-than-perfect record as a discounting mechanism, largely because the future is somewhat unknowable.<sup>2</sup>

Inflation is just one factor to consider when making adjustments to a portfolio. If you're unsure, thanks to the mixed messaging we have seen lately, please reach out, as we'd welcome the chance to hear your perspective.

### Citations

1. CNBC, August 11, 2021
2. Investopedia.com, April 28, 2021



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For some gifts, you may be required to itemize deductions using Schedule A.<sup>4</sup>

While we're on the topic of year-end moves, why not take a moment to review a portion of your estate strategy. Specifically, take a look at your beneficiary designations. If you haven't reviewed them for some time, double-check to see that these assets are structured to go where you want them to go, should you pass away. Lastly, look at your will to see that it remains valid and up-to-date.

**Check on the amount you have withheld.** If you discover that you have withheld too little on your W-4 form so far, you may need to adjust your withholding before the year ends.

**What can you do before ringing in the New Year?** New Year's Eve may put you in a dancing move, eager to say goodbye to the old year and welcome 2022. Before you put on your dancing shoes, consider speaking with a financial and tax profes-

sional before modifying your tax strategy. Do it sooner than later, little year-end moves might help you improve your short-term and long-term financial situation.

Keep in mind this article is for informational purposes and is not a replacement for real-life advice. We are here to help you.

#### Citations

1. Investopedia.com, January 8, 2021
2. NerdWallet.com, April 12, 2021
3. Investopedia.com, August 23, 2021
4. Investopedia.com, December 28, 2020



## The Need for Power of Attorney

POAs and other advanced directives are becoming more important.

1. The point of the POA: A power of attorney (POA) is a legal instrument that delegates an individual's legal authority to another person. If an individual is incapacitated, the POA assigns a trusted party to make decisions on his or her behalf.

There are *nondurable*, *springing*, and *durable* powers of attorney. A nondurable power of attorney often comes into play in real estate transactions, or when someone elects to delegate their financial affairs to an assignee during an extended absence. A springing power of attorney "springs" into effect when a specific event occurs (usually an illness or disability affecting an individual). A "durable" power of attorney allows an assignee, or agent, to act on behalf of a second party, or principal, even after the principal is not mentally competent or physically able to make

decisions. Once a principal signs, or executes, a durable power of attorney, it may be used immediately, until it is either revoked by the principal or the principal dies.<sup>1</sup>

Make sure to consult your legal professional so you can better understand what type of powers of attorney is a best fit for your situation.

2. What the POA allows in financial terms: Financially, a Power of Attorney is a tremendously useful instrument. An agent can pay bills, write checks, make investment decisions, buy or sell real estate or other hard assets, sign contracts, file taxes, and even arrange the distribution of retirement benefits.

3. Advanced healthcare directives, HCPOAs and Living Wills: Some illnesses can eventually rob people of the ability to articulate their wishes, and this is a major reason why people opt for a Health Care Power of Attor-

ney (HCPOA) or a living will. There are differences between the two.

A Health Care Power of Attorney (also called a "healthcare proxy") allows an agent to make medical decisions for a principal, should they become physically or mentally incapacitated. A living will gives an assignee similar powers of decision, but this advanced directive only applies when someone faces certain death. The assignee has the authority to carry out the wishes of the incapacitated party.

Would you like to learn more? It may be time to meet with an attorney who specializes in these issues. We can assist you with a professional who has assisted families with legacy planning.

#### Citations

1. AgingCare.com, August 23, 2021

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