

Wealth Management Update and Q&A

REDW Wealth_{LLC} expertise.

December 2, 2020 Presented by:
Paul Madrid, CFA[®], CFP[®], AIFA[®], Principal
Daniel Yu, CFA[®], AIF[®], Chief Investment Officer
Robert Elzholz, CRPC[®], AIF[®], AAMS, Senior Investment Manager

- Welcome
- New Monthly Webinar Series
- A Discussion on Current Events
- Considerations During Giving Season
- Potential New Tax Considerations with a Blue Wave
- Questions & Answers

REDW Wealth LLC A Discussion on Current Events

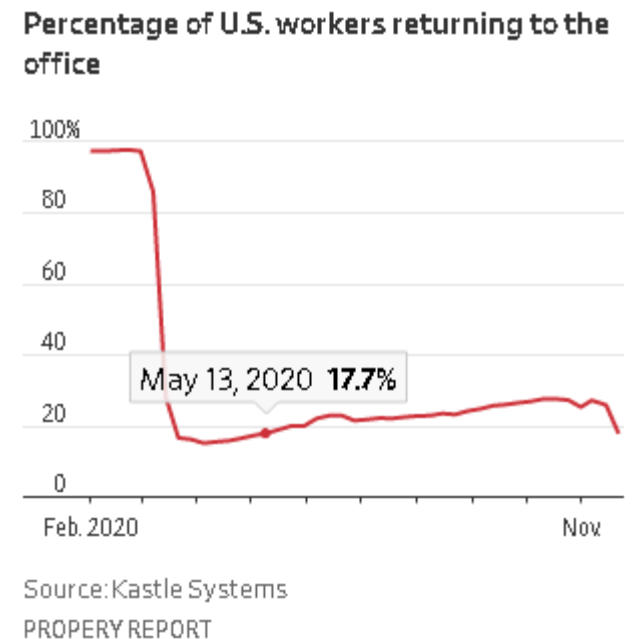
- Vaccine Pipeline



Source: The New York Times. Data as of November 18, 2020.

- Return to the Office Fades

- Low 15% occupancy in April, High 27% in October, dropping from increased number
- Impact on hospitality, tourism
- Urban housing impact



- Nasdaq seeks board-diversity rule, that most listed firms do not meet
 - Exchange operator seeks to require companies to have at least one female board member, plus one underrepresented minority group.
 - More than 3,000 companies listed on its exchange;
 - $\frac{3}{4}$ of the current listed companies would not currently pass;
 - 80%-90% of companies had at least one female director.

REDW Wealth LLC Considerations During Giving Season

- Charitable gifts
 - Must be made to a qualified charitable organization
 - Must be made before close of tax year
 - Some types of gifts include
 - Cash
 - Property
 - Stock (capital assets)
 - Limits up to 50% of Adjusted Gross Income (AGI) apply

- Give cash
 - Deduction equals cash amount
- Give stock
 - Target low cost basis
 - Example: Give \$10,000 of Apple stock that you paid \$1,000 for
 - Contribution to charity and your charitable deduction will be \$10,000
 - If you sold the stock and gave \$10,000, you would have to pay capital gains tax on \$9,000 capital gain

- 2017 Tax Cuts increased the standard deduction to \$24,800
 - If your total deductions don't exceed \$24,800, you're charitable contributions don't impact your tax return
- Bunching involves consolidating— into a single tax year—those tax-deductible charitable contributions that normally would be made over several years

- A distribution to charity directly from your IRA, which would otherwise be part of your required minimum distribution (RMD)
 - Bypasses tax and goes directly to charity
 - Can do up to \$100,000 annually
 - Distribution must be directly to the charity from the IRA

- With a higher standard deduction and less available itemized deductions, charitable contributions may not have the same tax benefit as before.
- If you are currently taking the standard deduction on your tax return and you're making charitable contributions, you may benefit more from a QCD if you're required to take a RMD.

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Potential New Tax Considerations with a Blue Wave

REDW Wealth LLC Biden Tax Proposal

- Social Security Payroll Tax (12.4%) on incomes over 400,000
- Capital gains and qualified dividends treated as regular income for those earning \$1MM
- Top income tax bracket moved back to 39.6% from 37%
- Ending step-up basis at death
- Raising corporate tax rate to 28% from 21%
- Establish corporate minimum tax
- Changes in itemized deductions
- Changes in business income deduction
- Changes in some tax credits

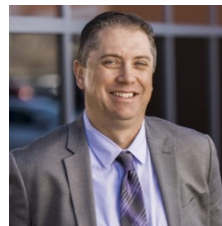
Proposal	GDP Growth Impact	Commentary
Apply Social Security Tax	Negative	Disincentive for high income workers – unlikely to pass
Tax Capital Gains and Income as regular income	Negative	Disincentive for investors, raises issue of double taxation – unlikely to pass
Top Income Bracket moved back to 39.6%	Negligible	39.6% was the rate under Presidents Clinton and Obama and we still had growth
Ending Step up in basis	Negligible	Administrative nightmare – unlikely to pass, more likely a negotiating point to lower the estate exemption
Corporate Tax Rate to 28%	Slightly Negative	Previous rate of 35% in place from 1990-2017, 28% better than 35%
Corporate Minimum Tax	Negative	Will likely incentivize companies to come up with new accounting measures

- Tax law changes are hard to get passed – all eyes are on Georgia
- Not all of Biden's proposals can be done under special budget rules
- Even if Democratic party wins control of White House and Congress – economic growth may slow not go negative
- Depending on the changes, plans will need to adjust
- Mid-term elections in 2022

REDW Wealth LLC
CPAs | Advisors



Daniel Yu, CFA[®], AIF[®],
Chief Investment Officer
dyu@redw.com



Robert Elzholz, CRPC[®],
AIF[®], AAMS, Senior
Investment Manager
Robert.elzholz@redw.com



Paul Madrid, CFA[®], CFP[®],
AIFA[®], Principal
pmadrid@redw.com