

REDW Wealth Update and Q&A: Taxes and Market Update

REDW Wealth LLC expertise.

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1. Tax Update and Discussion
2. Market Update
3. Q&A

REDW Wealth_{LLC} Tax Update

- The American Families Plan

1. Increasing the top marginal income tax rate to 39.6% for households making over \$400,000
2. Taxing long-term capital gains – 39.6% for households making over \$1 million
3. Reducing the step-up in basis for gains in \$1 million at death and taxing the gains if the property is not donated to charity
4. Tax carried interest at ordinary income rates
5. Make permanent excess business loss limitation rules
6. Apply 3.8% net investment income tax more consistently for those making over \$400,000
7. Earmark \$80B for additional IRS enforcement powers

- From the Campaign Trail
 1. Phasing out the 20% qualified business income tax deduction
 2. Limiting the benefit of itemized deductions to 28% of their value and restoring the “Pease limitation” cap on itemized deductions
 3. Estate tax exemption reduced from \$11.7 million to \$3.5 million (back to 2009 levels)
 4. Increase estate tax rate from 40% to 45%
 5. Impose 12.4% social security payroll tax on earned income above \$400,000

- Because no law has passed will want to evaluate multiple “What-ifs”
- Potential Strategies
 1. Income and deduction planning
 2. Accelerating capital gains to take advantage of lower rates
 3. Managing levels of other taxable income
 4. Timing when tax is due to using or electing out of the installment method
 5. Consider deferral strategies
 6. Revisit estate plans

We Are Here to Help

REDW Wealth_{LLC} Market Update

WEEKLY HIGH FREQUENCY DATA

Indicator	Date (2021)	Level	2019 Level	% Change 2019	% Change MOM	% Change WOW
Initial Jobless Claims	May 21	406,000	218,000	86.2%	-31.2%	-8.6%
Continuing Jobless Claims	May 14	3,642,000	1,666,000	118.6%	-0.3%	-2.6%
ASA Staffing Index	May 17	94.7	95.0	-0.3%	0.9%	0.0%
Weekly Retail Sales ¹	May 22	13.6%	5.7%	NA	NA	NA
Box Office Receipts	May 21-27	\$19,561,150	\$283,652,332	-93.1%	-67.8%	-39.0%
Rail Car Traffic (cars)	May 21	528,774	530,790	-0.4%	-1.7%	-0.4%
Steel Production (net tons)	May 24	1,793	1,892	-5.2%	0.7%	-0.3%
Hotel Occupancy	May 16-22	60.3%	71.1%	-10.8%	3.0%	1.2%
OpenTable State of the Restaurant Industry ^{2,3}	May 30	NA	NA	-5.1%	14.7%	9.2%
TSA Checkpoint Data ²	May 31	1,722,796	2,423,437	-28.9%	25.3%	3.8%
Supply of Motor Gasoline in the US (Mbbl/d)	May 21	9,479	9,394	0.9%	6.8%	2.8%
Commercial Flights ²	May 31	78,619	114,710	-31.5%	0.5%	1.1%

Level is at a new recovery best

Source: First Trust Advisors, Bloomberg, Department of Labor, Redbook Research, Box Office Mojo, Association of American Railroads, American Iron and Steel Institute, Hotel News Now, OpenTable, Transportation Security Administration, Energy Information Administration, American Staffing Association, Flight Radar 24

2019 Level and % Change 2019 is from the same week in 2019, unless otherwise noted. MOM = Month-over-Month; WOW = Week-over-Week.

All data is for the U.S. except for commercial flights.

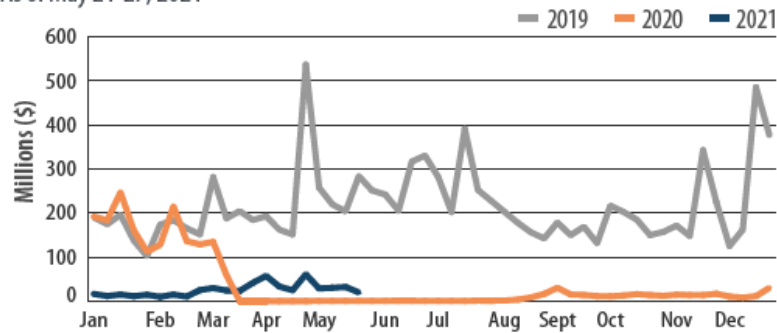
¹ Data for level and 2019 level are both YOY % changes.

² Data is provided daily instead of weekly; the 7-day moving average is shown.

³ Data shows change in seated diners from 2021 to 2019 at restaurants on the OpenTable network across all channels: online reservations, phone reservations, and walk-ins. % change MOM and WOW are the current reading minus the month ago and week ago reading, respectively.

BOX OFFICE RECEIPTS

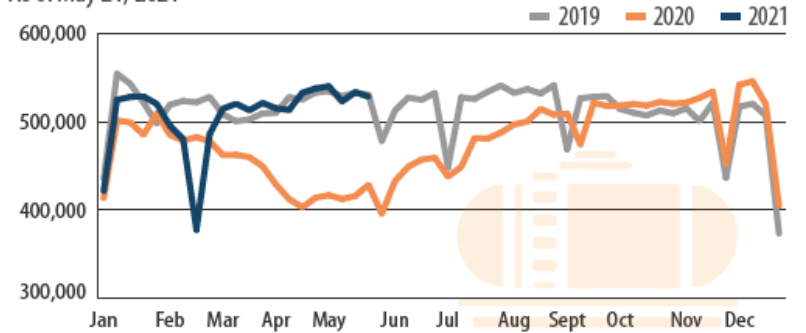
As of May 21-27, 2021



Sources: Box Office Mojo, First Trust Advisors

RAIL CAR TRAFFIC (CARS)

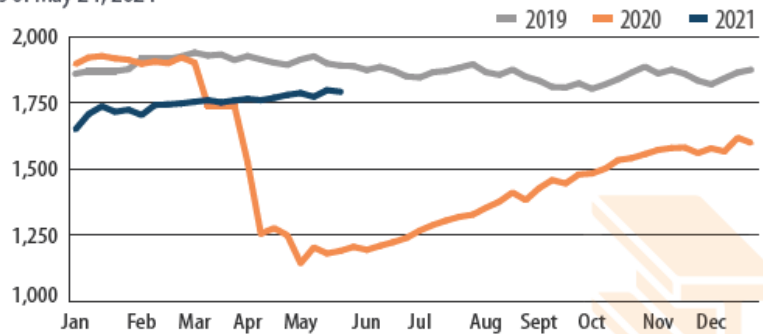
As of May 21, 2021



Sources: Bloomberg, Association of American Railroads, First Trust Advisors

STEEL PRODUCTION (NET TONS)

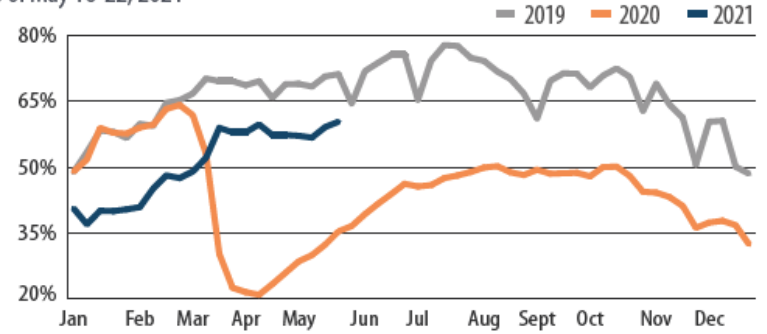
As of May 24, 2021



Sources: Bloomberg, American Iron and Steel Institute, First Trust Advisors

HOTEL OCCUPANCY

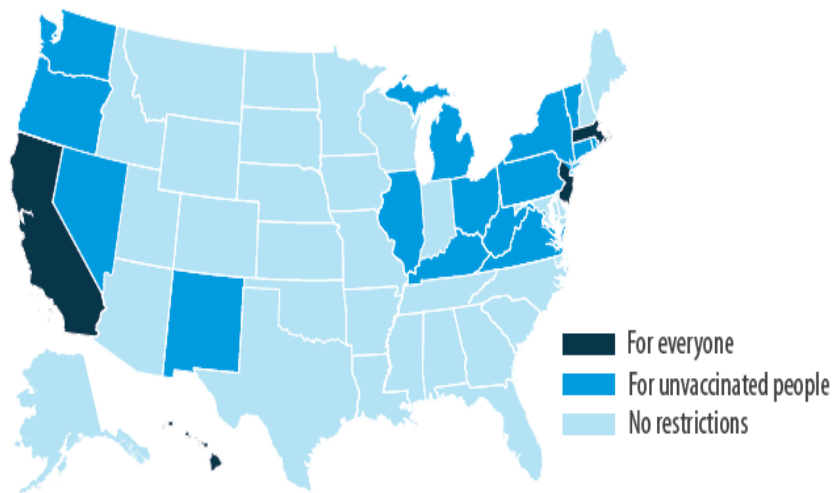
As of May 16-22, 2021



Sources: Hotel News Now, First Trust Advisors

Where Masks are Required Indoors

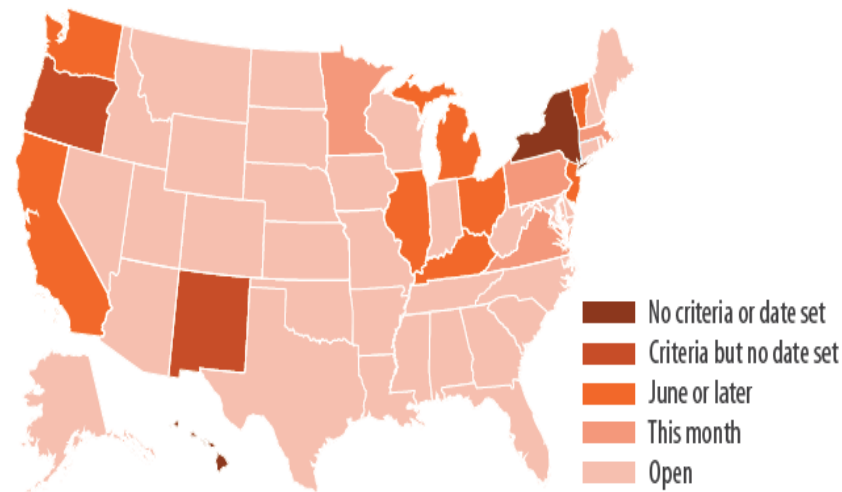
As of May 26, 2021



Sources: New York Times, First Trust Advisors

When States Plan to Fully Reopen

As of May 26, 2021

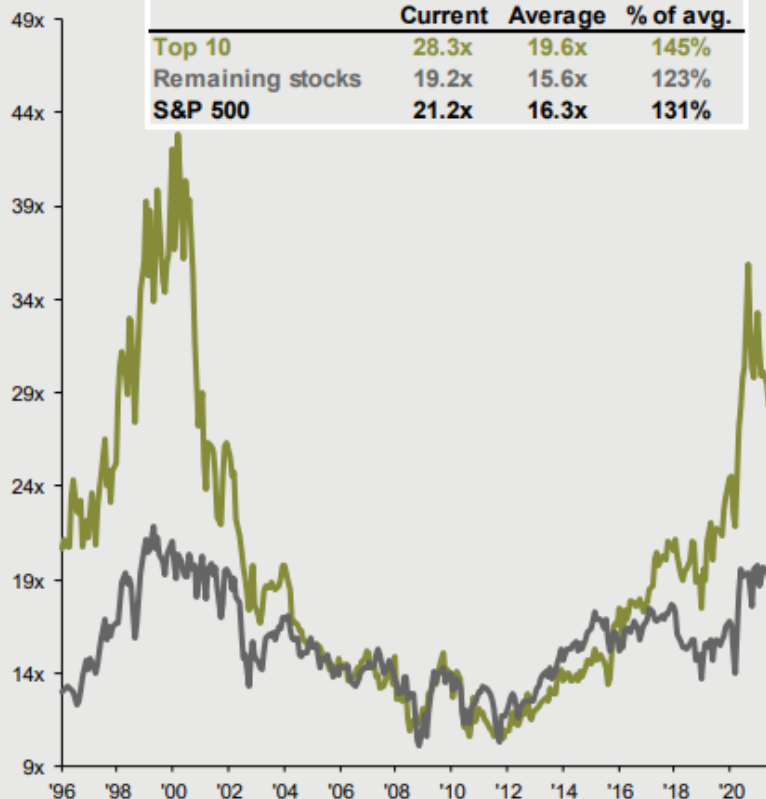


Sources: New York Times, First Trust Advisors

P/E ratio of the top 10 and remaining stocks in the S&P 500

Next 12 months

	Current	Average	% of avg.
Top 10	28.3x	19.6x	145%
Remaining stocks	19.2x	15.6x	123%
S&P 500	21.2x	16.3x	131%



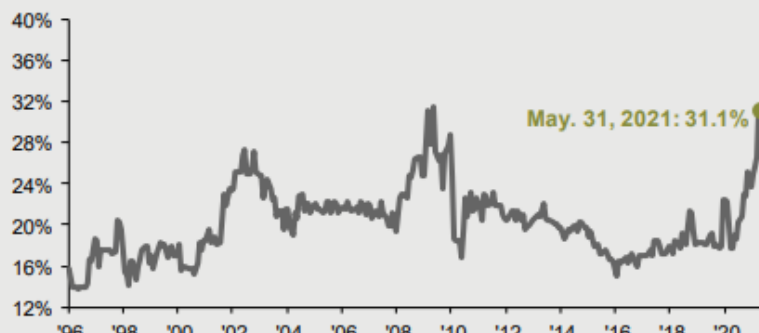
Weight of the top 10 stocks in the S&P 500

% of market capitalization of the S&P 500



Earnings contribution of the top 10 in the S&P 500

Based on last 12 months' earnings



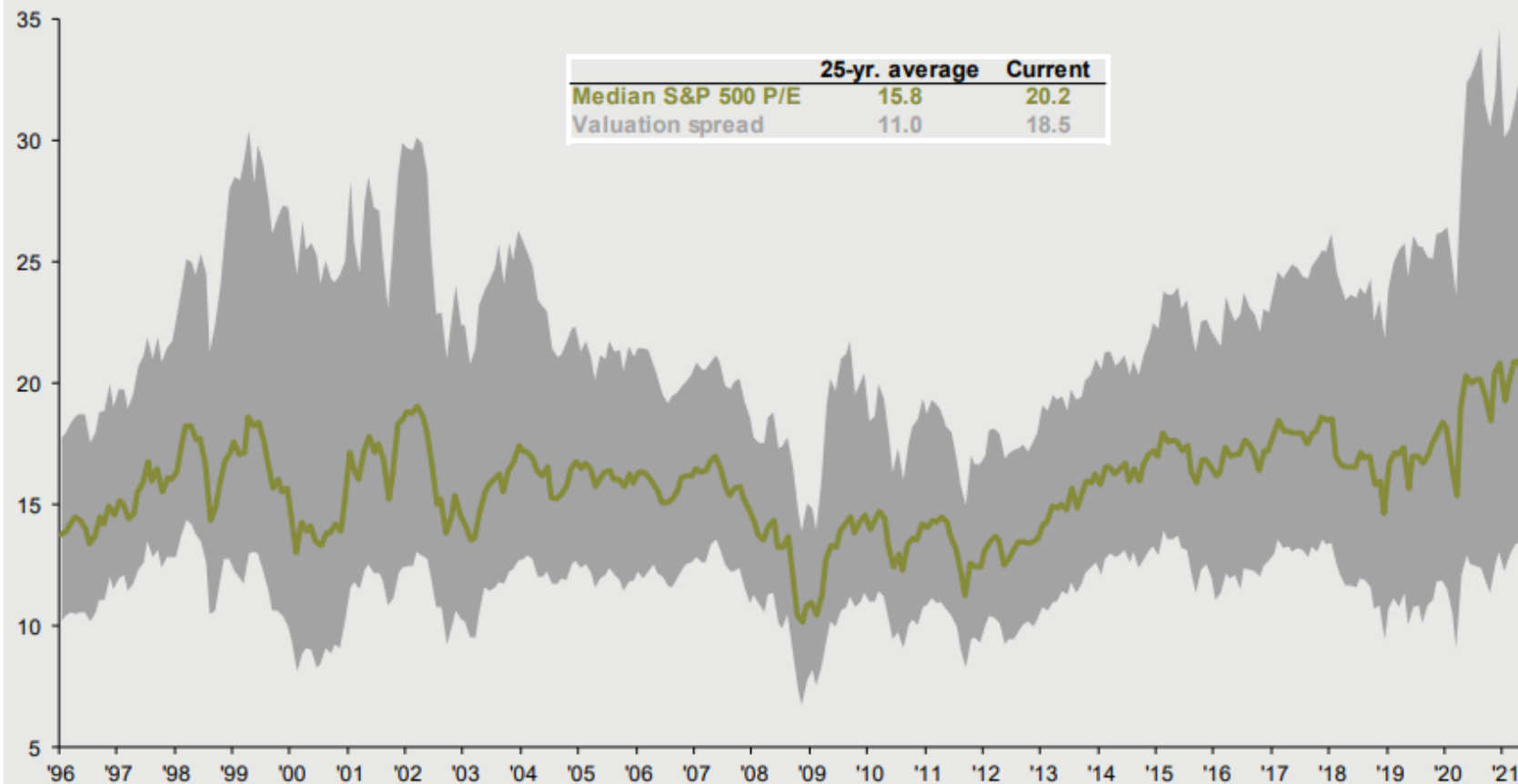
Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

The top 10 S&P 500 companies are based on the 10 largest index constituents at the beginning of each month. The weight of each of these companies is revised monthly. As of May 31, 2021, the top 10 companies in the index were AAPL (5.9%), MSFT (5.4%), AMZN (4.1%), FB (2.2%), GOOGL (2.0%), GOOG (2.0%), TSLA (1.5%), BRK.B (1.5%), JPM (1.3%), JNJ (1.2%) and V (1.1%). The remaining stocks represent the rest of the 494 companies in the S&P 500.

Guide to the Markets – U.S. Data are as of May 31, 2021.

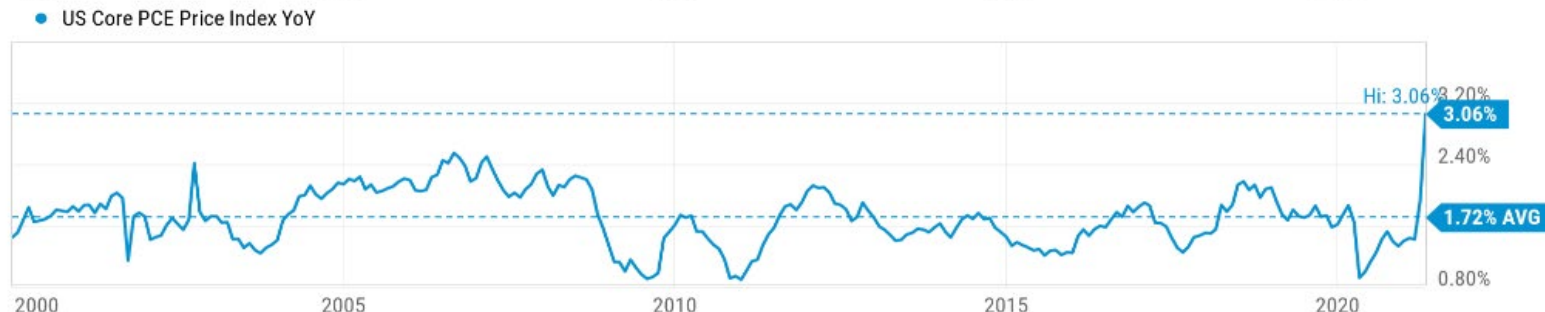
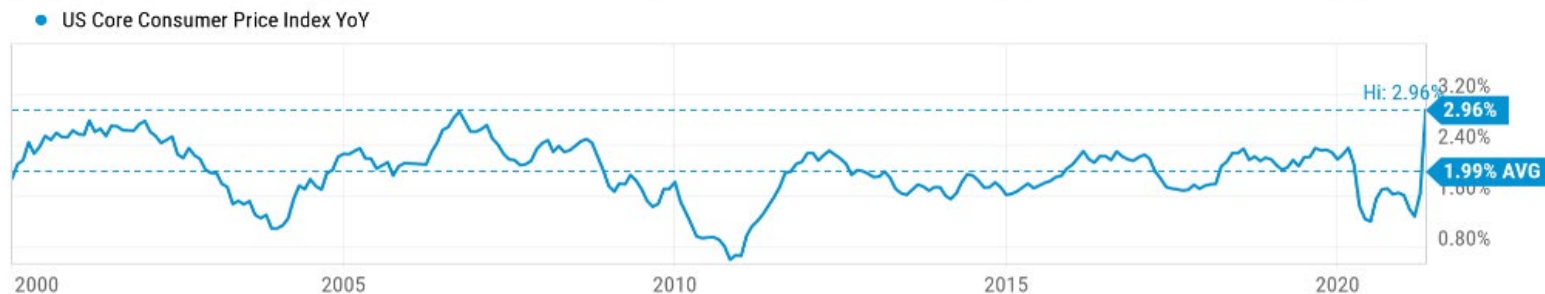
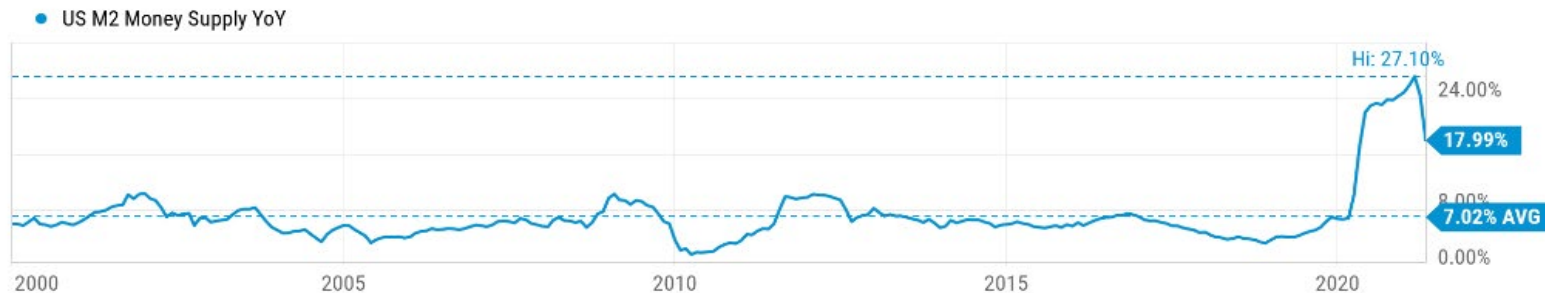
S&P 500 valuation dispersion

Valuation dispersion between the 20th and 80th percentile of S&P 500 stocks



Sources: FactSet, Compustat, Standard & Poor's, J.P. Morgan Asset Management.
 Guide to the Markets – U.S. Data are as of May 31, 2021.

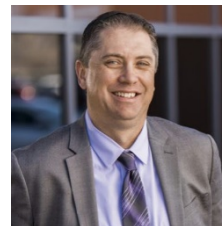
M2 and Inflation





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