



CLIENT NEWSLETTER

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IMPORTANT INFORMATION!

We periodically like to remind everyone that some people have unclaimed property, but are unaware of it. To see if you have unclaimed property, you can check www.missingmoney.com, a site endorsed by the National Association of Unclaimed Property Administrators, as it lets you search in many (not all) states at once, free of charge. You can also check www.unclaimed.org as it has links to unclaimed-fund programs for each state.

With the recent passing of the stimulus package and the possibility of an infrastructure proposal, many are also wondering about what may happen with tax policy. Below are some highlights of what has been mentioned over the past year.

Possible Tax Law Changes!

While a Democratic nominee, President Biden was vocal about his tax stances, which included wanting to restore the top-line tax rate to where it was before the Tax Cuts and Jobs Act (TCJA) of 2017, raise corporate taxes, revamp the way long-term investments are taxed for the country's highest earners, and introduce payroll taxes on wages higher than \$400,000. Although there is yet to be a formal proposal on tax legislation, some of the changes being discussed are as follows:

1. Corporate tax rates

Biden has discussed increasing the corporate tax rate from 21% to 28%. Prior to the tax cuts in 2017, the corporate tax rate stood at 35%.

2. Top-line income tax rate

Leading up to the election, Biden proposed increasing the top-line income tax rate to 39.6 percent from 37 percent. According to the IRS's 2020 tax brackets (which apply for taxes filed in 2021), the top-line rate applies to single filers who earn \$518,401 or more, and married filers who make \$622,051 or higher. He also stated numerous times that taxes would not be raised on those making under \$400,000.

3. Other possibilities: Capital gains or payroll taxes

There was much discussion about raising capital gain rates, such as raising the top capital gain rate from 20% to 39.6% for those making over \$1,000,000 per year. This would mean long-term capital gains would be taxed as ordinary income for certain tax payers, similar to how short-term capital gains are currently taxed.

There has also been talk about eliminating the "step-up in basis" that allows beneficiaries of certain assets to receive them tax-free.

Lastly, there is also the possibility of trying to raise payroll taxes for those making over \$400,000, but there hasn't been much in the way of details on that idea.

Bottom line

If there are tax law changes there will probably be many other changes not mentioned above. There is no way to know if and when these changes may take place. Perhaps this gets delayed until 2022 or perhaps they look to make changes later in the year.

With a narrow Democratic majority in the House and a split Senate, sweeping tax legislation may be difficult for President Biden to push through. When it comes to preparing for any tax changes, be sure not to make any knee-jerk reactions by jumping to make changes when the future is still uncertain.

As always, we will keep you updated on any changes as they happen!

Keep in mind, this article is for informational purposes only, and not a replacement for real-life advice. Also, tax rules are constantly changing, and there is no guarantee that the tax landscape will remain the same in years ahead.

There are always a lot of strategies to think about and we always stress how important it is to plan. Be sure you are sitting down with us on a regular basis to discuss your entire financial situation. Each quarter we want to remind you to alert us to changes in your financial situation or investment objectives to ensure that we are aware of any situation that might require changes in the management of your accounts. Please remember to contact us to discuss how these changes impact your investment accounts!

We wanted to thank those of you who have participated in our Client Introduction program. As you know, marketing for new clients takes a great deal of money, time, and energy and we would much rather spend our resources improving your financial health. We, like most businesses are looking to grow; however, for the benefit of our existing clients we are only able to take on a limited number of new clients each year. Over the years, we have learned that encouraging you to introduce us to people you know works well for all of us...we help you, and you help us. If you aren't familiar with our friends helping friends program, please call our office or be sure to ask us at your next meeting. The few minutes it takes to learn about how it works will be well worth your time and energy!

Also, if you would like some of your friends, coworkers, relatives, business acquaintances, etc. to receive a FREE subscription to this newsletter, please call our office and we'll add them to the mailing list. We'll also send them a note with their first issue telling them that you had suggested they receive the newsletter, and to contact us if they would like to stop at any time. If you enjoy this newsletter, why not share it for FREE with people you know, with no hassle for you?

This information is solely advisory, and should not be substituted for legal, financial or tax advice. Any and all financial decisions and actions must be affected through the advice and counsel of a qualified attorney, financial advisor and/or CPA. We cannot be held responsible for actions you may take without proper financial, legal, or tax advice!