



CLIENT NEWSLETTER

BY: JONATHAN SARD, CFP®

4<sup>th</sup> Quarter – 2021

### IMPORTANT INFORMATION!

We would like to thank everybody who participated in our annual survey. Your feedback is incredibly helpful as we are always looking to improve.

There are still no major announcements about tax law changes for this year or for the 2022 retirement plan contribution limits, but we will keep you informed when something changes.

Lastly, we have attached our Privacy Policy at the end of this newsletter.

## Annual Financial To-Do List

As we begin the 4<sup>th</sup> quarter of 2021, now is an excellent time to think about investing, saving, and budgeting methods you could employ for 2022. From building your retirement fund to managing your taxes, you have plenty of choices. Here are a few ideas to consider:

**Can you contribute more to your retirement plans this coming year?** In 2022, the contribution limit for a Roth or traditional individual retirement account (IRA) is expected to remain at \$6,000 (\$7,000 for those making “catch-up” contributions). Your modified adjusted gross income (MAGI) may affect how much you can put into a Roth IRA. With a traditional IRA, you can contribute if you (or your spouse if filing jointly) have taxable compensation, but income limits are one factor in determining whether the contribution is tax-deductible.<sup>1</sup> Contribution limits for 401k, 403B, SEP IRAs and Simple IRAs are expected to increase, but the definitive numbers have not been announced.

**Once you reach age 72, you must begin taking required minimum distributions** from a traditional Individual Retirement Account (IRA) in most circumstances. Withdrawals from traditional IRAs are taxed as ordinary income and, if taken before age 59½, may be subject to a 10% federal income tax penalty.

To qualify for tax-free and penalty-free withdrawal of earnings, Roth IRA distributions must meet a five-year holding requirement and occur after age 59½. Tax-free and penalty-free withdrawals can also be taken under certain other circumstances, such as the owner's death.

**Make a charitable gift.** You can claim the deduction on your tax return, provided you follow the Internal Revenue Service guidelines and itemize your deductions on Schedule A. The paper trail can be important so if you donate cash you should keep good records. Some contributions can be demonstrated by a bank record, payroll deduction record, credit card statement, or written communication from the charity with the date and amount. Incidentally, the IRS does not equate a pledge with a donation. If you pledge \$2,000 to a charity this year but only end up gifting \$500, you can only deduct \$500.<sup>2</sup>

Make certain to consult your tax, legal, or accounting professional before modifying your record-keeping approach or your strategy for making charitable gifts.

For those that don't itemize their taxes, you can take a \$300 above the line deduction for charitable contributions for single filers and \$600 for joint filers.

**See if you can take a home office deduction for your small business.** If you are a small-business owner, you may want to investigate this. You may be able to write off expenses linked to the portion of your home used to conduct your business. Using your home office as a business expense involves a complex set of tax rules and regulations. Before moving forward, consider working with a professional who is familiar with the tax rules as they relate to home-based businesses.<sup>3</sup>

**Open an HSA.** A Health Savings Account (HSA) works a bit like your workplace retirement account. There are also some HSA rules and limitations to consider. You are limited to a \$3,650 contribution for 2022 if you are single; \$7,300 if you have a spouse or family. Those limits jump by a \$1,000 "catch-up" limit for each person in the household over age 55.<sup>4</sup>

If you spend your HSA funds for non-medical expenses before age 65, you may be required to pay ordinary income tax as well as a 20% penalty. After age 65, you may be required to pay ordinary income taxes on HSA funds used for nonmedical expenses. HSA contributions are exempt from federal income tax; however, they are not exempt from state taxes in certain states.

**Pay attention to asset location.** Tax-efficient asset location is one factor that can be considered when creating an investment strategy.

**Review your withholding status.** Should it be adjusted due to any of the following factors?

- \* You tend to pay the federal or state government at the end of each year.
- \* You tend to get a federal tax refund each year.
- \* You recently married or divorced.
- \* You have a new job, and your earnings have been adjusted.

Consider consulting your tax, human resources, or accounting professional before modifying your withholding status.

**Did you get married in 2021?** If so, it may be an excellent time to review the beneficiaries of your retirement accounts and other assets. The same goes for your insurance coverage. If you are preparing to have a new last name in 2022, you may want to get a new Social Security card.

**Consider the tax impact of any upcoming transactions.** Are you preparing to sell any real estate this year? Are you starting a business? Might any commissions or bonuses come your way in 2022? Do you anticipate selling an investment that is held outside of a tax-deferred account?

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.

#### Citations

1. [thefinancebuff.com](https://www.thefinancebuff.com), August 11, 2021

2. [irs.gov](https://www.irs.gov), January 22, 2021

3. [nerdwallet.com](https://www.nerdwallet.com), July 31, 2020

4. [irs.gov](https://www.irs.gov), September 8, 2021

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 are not 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 will add them to the mailing list. We will 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!**

## *Privacy Policy*

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Effective: July 29, 2021

### **Our Commitment to You**

Sard Wealth Management Group, LLC (“SWMG” or the “Advisor”) is committed to safeguarding the use of personal information of our Clients (also referred to as “you” and “your”) that we obtain as your Investment Advisor, as described here in our Privacy Policy (“Policy”).

Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we do everything that we can to maintain that trust. SWMG (also referred to as "we", "our" and "us") protects the security and confidentiality of the personal information we have and implements controls to ensure that such information is used for proper business purposes in connection with the management or servicing of our relationship with you.

SWMG does not sell your non-public personal information to anyone. Nor do we provide such information to others except for discrete and reasonable business purposes in connection with the servicing and management of our relationship with you, as discussed below.

Details of our approach to privacy and how your personal non-public information is collected and used are set forth in this Policy.

### Why you need to know?

Registered Investment Advisors (“RIAs”) must share some of your personal information in the course of servicing your account. Federal and State laws give you the right to limit some of this sharing and require RIAs to disclose how we collect, share, and protect your personal information.

### What information do we collect from you?

Driver’s license number	Date of birth
Social security or taxpayer identification number	Assets and liabilities
Name, address and phone number[s]	Income and expenses
E-mail address[es]	Investment activity
Account information (including other institutions)	Investment experience and goals

### What Information do we collect from other sources?

Custody, brokerage and advisory agreements	Account applications and forms
Other advisory agreements and legal documents	Investment questionnaires and suitability documents
Transactional information with us or others	Other information needed to service account

### How do we protect your information?

To safeguard your personal information from unauthorized access and use we maintain physical, procedural and electronic security measures. These include such safeguards as secure passwords, encrypted file storage and a secure office environment. Our technology vendors provide security and access control over personal information and have policies over the transmission of data. Our associates are trained on their responsibilities to protect Client’s personal information.

We require third parties that assist in providing our services to you to protect the personal information they receive from us.

### How do we share your information?

An RIA shares Client personal information to effectively implement its services. In the section below, we list some reasons we may share your personal information.

Basis For Sharing	Do we share?	Can you limit?
<b>Servicing our Clients</b> We may share non-public personal information with non-affiliated third parties (such as administrators, brokers, custodians, regulators, credit agencies, other financial institutions) as necessary for us to provide agreed upon services to you, consistent with applicable law, including but not limited to: processing transactions; general account maintenance; responding to regulators or legal investigations; and credit reporting.  SWMG shares Client information with Purshe Kaplan Sterling Investments, Inc. This sharing is due to the oversight PKS has over	Yes	No

<p>certain Supervised Persons of the Advisor. You may also contact us at any time for a copy of the PKS Privacy Policy.</p>		
<p><b>Marketing Purposes</b>  SWMG does not disclose, and does not intend to disclose, personal information with non-affiliated third parties to offer you services. Certain laws may give us the right to share your personal information with financial institutions where you are a customer and where SWMG or the client has a formal agreement with the financial institution. <b>We will only share information for purposes of servicing your accounts, not for marketing purposes.</b></p>	<p>No</p>	<p>Not Shared</p>
<p><b>Authorized Users</b>  Your non-public personal information may be disclosed to you and persons that we believe to be your authorized agent[s] or representative[s].</p>	<p>Yes</p>	<p>Yes</p>
<p><b>Information About Former Clients</b>  SWMG does not disclose and does not intend to disclose, non-public personal information to non-affiliated third parties with respect to persons who are no longer our Clients.</p>	<p>No</p>	<p>Not Shared</p>

**Changes to our Privacy Policy**

We will send you a copy of this Policy annually for as long as you maintain an ongoing relationship with us.

Periodically we may revise this Policy and will provide you with a revised Policy if the changes materially alter the previous Privacy Policy. We will not, however, revise our Privacy Policy to permit the sharing of non-public personal information other than as described in this notice unless we first notify you and provide you with an opportunity to prevent the information sharing.

**Any Questions?**

You may ask questions or voice any concerns, as well as obtain a copy of our current Privacy Policy by contacting us at (404) 843-4483 or via email at [mmeyers@sardwealth.com](mailto:mmeyers@sardwealth.com).