

# Retirement Point

NEWS FOR PLAN SPONSORS AND PARTICIPANTS

October 2021

## End-of-the-Year Money Moves

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

### U.S. Markets

The stock market hit a pocket of turbulence in September, with investors turning cautious amid Delta variant infections, slowing economic growth and ongoing policy debate in Washington.

The Dow Jones Industrial Average fell 4.29 percent while the Standard & Poor's 500 Index lost 4.76 percent. The Nasdaq Composite dropped 5.31 percent.<sup>1</sup>

### Sour Sentiment

Investor sentiment deteriorated throughout the month. Weighing on stocks was uncertainty about the Federal Reserve Bank's tapering plans, the fiscal and tax policy proposals being debated in Washington, and the economic growth implications of continuing supply bottlenecks.

### China's Influence

This unease culminated in the market's reaction to news that a large, heavily indebted property development company in China was in danger of not making its scheduled interest payments—a prospect that could lead to the company's bankruptcy. The angst dissipated quickly as investors realized that the company's difficulties appeared limited.

### Fed's Update

With that, the market turned its focus to the Federal Reserve's Federal Open Market Committee meeting to learn what the Fed's plan would be with tapering and interest rates. Fed Chair Jerome Powell said that tapering would not begin immediately, but could start by November 2021. The markets also learned that the day is drawing closer to when interest rates may be increased. The support among Fed officials for a rate hike has increased, with half of the 18 Fed members expecting that interest rates will be higher by the close of next year versus just seven who thought so in June.<sup>2,3,4</sup>

MARKET INDEX	Y-T-D CHANGE	September 2021
DJIA	10.58%	-4.29%
NASDAQ	12.11%	-5.31%
S&P 500	14.68%	-4.76%
YIELD	YTD	September 2021
10 YR TREASURY	0.61%	1.53%

Sources: Yahoo Finance, August 31, 2021.

The market indexes discussed are unmanaged and generally considered representative of their respective markets. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results. U.S. Treasury Notes are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury Note prior to maturity, it may be worth more or less than the original price paid.

### Monthly Quote

"The best preparation for tomorrow is doing your best today."

H. JACKSON BROWN JR.

### Tip of the Month

Collaboration among investment, legal, and accounting professionals may make a big difference in the scope and execution of a financial strategy.

### The Monthly Riddle

Tom's mother has four children. Each was born exactly one year and one month apart from the previous child. The first she named April, the second she named May, the third she named June. What did she name her fourth child?

### Last month's riddle:

What do the words Potato, Voodoo, Grammar, Revive and Banana have in common?

### Last month's answer:

All five words read the same backwards when their first letter is moved to the last position. (Ex: Banana ... move "b" to the end position to spell "ananab". Ananab = Banana spelled backwards.)

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**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.

Keep in mind this article is for informational purposes only and is not a replacement for real-life advice. Please consult your tax, legal, and accounting professionals before modifying your tax strategy.

**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. 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. 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.

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**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 or tax professional. Do it now, rather than in February or March. Little year-end moves might help you improve your short-term and long-term financial situation.



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