

PERSPECTIVES



Market Outlook for 2022

Tax Corner

Quarterly Highlight: *What Issues Should I Consider for My Aging Parents?*

Firm Updates

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Market Outlook for 2022

Dustin Hall, MBA, CFP, CHFC

A relay race combines stretches of extraordinary individual effort with brief moments of coordinated teamwork, in which fractions of a second can be equivalent to the physical difference between a champion and an also-ran. Success requires ability, precision, and of course, teamwork.

Federal, state, and local governments—usually better suited for the role of timekeepers or race officials—have run a strong leg for the economy over the last two years. In 2020 and 2021, government policies arguably had a more profound effect on the economy than any time since World War II, not always for the better but in the right direction overall. The level of government borrowing was certainly similar to a war effort.

Market Outlook for 2022

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Central banks created new initiatives to support the economy and keep the financial system running smoothly. But it didn't stop there. We needed state level decisions about appropriate restrictions that still allowed the economy to function; local decisions about how to keep schools open and allocate resources; as well as constant coordination among scientists, public health experts, federal agencies, and our elected officials. No one would find this level of government involvement ideal under anything close to normal circumstances, but it was necessary to some degree in the face of the pandemic.

The private economy was by no means on the sidelines while this was happening. The upside of our economy contracting 3.4% in 2020 is that more than 96% of the prior year's level of output stayed in place. That 3.4% contraction is huge when it comes to the impact on many people's lives, but it certainly goes against the narrative that the economy came grinding to a halt. And in 2021, the economy topped its pre-recession output peak.

While some service-based industries were devastated by the pandemic, businesses on the whole innovated, adapted, and evolved.

They have positioned themselves well to take the handoff and run the next leg, and our market views reflect that.

We are watchful of the risks associated with government passing the baton in 2022, but we believe that ultimately the economy will be healthier while still managing to create opportunities for investors.

As investors, we are part of running that leg too. We help provide the capital that entrepreneurs need to turn ideas into action. That's what investing fundamentally is. Of course, we all want to invest wisely. So, we build our teams around us, establishing personal and professional relationships that we turn to for sound advice. Mid-cycle years aren't as exciting as the early-cycle boom, but they tend to strike a nice balance between risk and opportunity.

We expect 2022 to be a year that can help you make progress toward reaching your financial goals, and that's what Hall & Burns is here to help guide you towards.

Sincerely,



IRA Beneficiary Rules Directly From the IRS

Kathy Burns, CPA, PFS

Know what to do if you inherit an IRA from a spouse or someone else.

As we get older, it is likely that we might inherit an IRA from mom or dad – or we need to counsel mom or dad as they inherit an IRA after one of them dies. The rules are different in each scenario and due to the passage of the SECURE Act, the rules have changed.

Thankfully, the Internal Revenue Service succinctly explains the choices one has on how to treat an inherited IRA. Here are the choices, copied (not summarized) directly from the IRS website: “A beneficiary can be any person or entity the owner chooses to receive the benefits of a retirement account or an IRA after he or she dies. Beneficiaries of a retirement account or traditional IRA must include in their gross income any taxable distributions they receive.

IRA Beneficiaries

Inherited from spouse. If a traditional IRA is inherited from a spouse, the surviving spouse generally has the following three choices:

1. Treat it as his or her own IRA by designating himself or herself as the account owner.

2. Treat it as his or her own by rolling it over into a traditional IRA, or to the extent it is taxable, into

- a. Qualified employer plan,
- b. Qualified employee annuity plan (section 403(a) plan),
- c. Tax-sheltered annuity plan (section 403(b) plan),
- d. Deferred compensation plan of a state or local government (section 457(b) plan), or

3. Treat himself or herself as the beneficiary rather than treating the IRA as his or her own.

If a surviving spouse receives a distribution from his or her deceased spouse's IRA, it can be rolled over into an IRA of the surviving spouse within the 60-day time limit, as long as the distribution is not a required distribution, even if the surviving spouse is not the sole beneficiary of his or her deceased spouse's IRA.

Inherited from someone other than spouse. If the inherited traditional IRA is from anyone other than a deceased spouse, the beneficiary cannot treat it as his or her own. This means that the beneficiary cannot make any contributions to the IRA or roll over any amounts into or out of the inherited IRA. However, the beneficiary can make a trustee-to-trustee transfer as long as the IRA into which amounts are being moved is set up and maintained in the name of the deceased IRA owner for the benefit of the beneficiary.

Like the original owner, the beneficiary generally will not owe tax on the assets in the IRA until he or she receives distributions from it.

Generally, the entire interest in a **Roth IRA** must be distributed by the end of the fifth calendar year after the year of the owner's death unless the interest is payable to a designated beneficiary over the life or life expectancy of the designated beneficiary.

If paid as an annuity, the entire interest must be payable over a period not greater than the designated beneficiary's life expectancy and distributions must begin before the end of the calendar year following the year of death.

Distributions from another Roth IRA cannot be substituted for these distributions unless the other Roth IRA was inherited from the same decedent.

If the sole beneficiary is the spouse, he or she can either delay distributions until the decedent would have reached age 70½ or treat the Roth IRA as his or her own.

For IRAs inherited from original owners who have passed away on or after January 1, 2020, non-spousal beneficiaries are required to withdraw all assets from an inherited IRA or 401(k) plan within 10 years following the death of the account holder. The SECURE Act requires beneficiaries to withdraw all assets from an inherited IRA or 401(k) plan by December 31 of the 10th year following the IRA owner's death.

Exceptions to the 10-year rule include payments made to an eligible designated beneficiary (a surviving spouse, a minor child of the account owner, a disabled or chronically ill beneficiary, and a beneficiary who is not more than 10 years younger than the original IRA owner or 401(k) participant). These beneficiaries can "stretch" payments over their life expectancy.

Discuss the potential tax implications and distribution options of this accelerated withdrawal schedule with your tax advisor.

Beneficiaries of Qualified Plans

Generally, a beneficiary reports pension or annuity income in the same way the plan participant would have reported it. However, some special rules apply.

A beneficiary of an employee who was covered by a retirement plan can exclude from income a portion of nonperiodic distributions received that totally relieve the payer from the obligation to pay an annuity. The amount that the beneficiary can exclude is equal to the deceased employee's investment in the contract (cost).

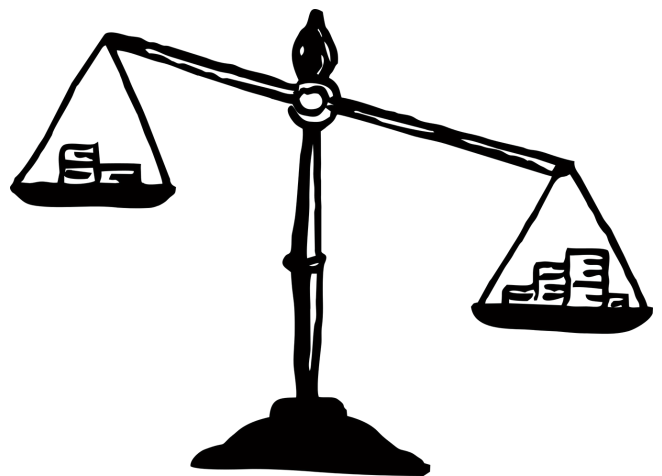
If the beneficiary is entitled to receive a survivor annuity on the death of an employee, the beneficiary can exclude part of each annuity payment as a tax-free recovery of the employee's investment in the contract. The beneficiary must figure the tax-free part of each payment using the method that applies as if he or she were the employee.

Benefits paid to a survivor under a joint and survivor annuity must be included in the surviving spouse's gross income in the same way the retiree would have included them in gross income."

What Should You Do?

We will work with you to determine the best course of action for your specific situation.

As always, any decisions made when it comes to your tax plan should be consistent with your overall financial plan.



*This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax advisor.

What Issues Should I Consider for My Aging Parents?

Becoming a caregiver for aging parents can become quickly draining; emotionally and financially. This important role can affect your career, as well as your ability to plan for your own retirement.

Setting a plan in place now, can help you better manage the financial issues involved later on, and hopefully make the situation a bit easier for everyone.

In this checklist, we'll cover a number of financial issues that you might consider when determining how to best care for aging parents:

- Looking at your parents finances to determine if they are able to manage their own expenses.
- Making sure you have access to any important documents such as estate planning documents and contact information for any advisors (such as an attorney, financial advisor or accountant).
- Looking at their longterm care options and the cost involved.
- Taking a detailed look at their possible estate taxes. If the estate of your parents is over a certain amount, then they may have an estate tax issue.
- Reviewing your parents' beneficiary designations on insurance policies and retirement plans and making sure that they are up to date, and that they reflect their wishes.
- Taking a look at your parent's current tax situation and making sure everything is in order. That might include; managing any capital gains or losses, as well as fully utilizing any deductible medical expenses.

[Download Our Resource Here](#)

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The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. The economic forecasts set forth in this material may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

Kim Best has joined the Hall & Burn's Wealth Management team as our new Client Service's Associate.

In addition to helping simplify and streamline firm operations, she provides support on administrative tasks and client management functions. Kim has worked in the financial services industry for 6 years in a variety of Client Service roles.



Kim is a US Army Veteran and comes from a veteran family. She loves spending time with her 3 children and grandchildren.



As Hall & Burn's CFO Consultant **Simeon Hills** supports the Wealth Management team through providing actionable insights based on financial analysis and business planning to drive more efficiency for the practice

and higher quality outcomes for clients.

Simeon's financial services career spans over 20 years having had roles assisting clients in achieving financial goals, developing/managing platforms advisors use to scale their practice and coaching advisors in practice management, which is how he became connected with Hall & Burns Wealth Management.

*Simeon Hills is a LPL employee and is part of the CFO solutions program that supports multiple advisor's businesses.

Simeon received a bachelor's degree in Business Management and Finance, with a focus in Economics from the City University of New York. He holds FINRA Series 7, 63 & 65 registered through LPL and maintains Life & Health designations.

He enjoys reading and keeping up with the latest advancements in technology, finance, and economics. Simeon also enjoys coaching softball, and biking.

Jenni Donovan Rios serves as the Director of Marketing for Hall & Burns.

She leads the firm's marketing and social media strategies through creative collaboration with the Advisory team.



Her goal is to create innovative thought leadership

pieces that highlight educational content and deliver clear and focused messaging to clients.

After graduating from the University of New Hampshire in 2014, she took on a role in Boston at an advertising agency specializing in planning and buying media across the financial services industry. In her time there, she gained invaluable knowledge in the financial markets and oversaw various clients' advertising strategies' success and effectiveness.

Jenni currently lives in Fort Lauderdale, and enjoys reading, pilates and traveling.

About Us

At Hall & Burns Wealth Management, our mission is to build long-term relationships with a select group of clients by helping them to simplify their financial lives and empowering them to make informed decisions through education, communication and world-class service.

[Learn More](#)

