The Independence

OAK PARTNERS INC. | SPRING 2021

ISSUE HIGHLIGHTS

How much are you willing to pay?

Mario Ruiz

The Texas Rangers are opening their baseball season to a full capacity stadium as the MLB season begins the '21 season. While most other MLB stadiums are at limited capacity, Americans will be closely watching to see if this is the right approach given what we hope is the tail end of the Covid pandemic. Pictures of celebrating fans will undoubtedly end up in periodicals and social media and the debate will continue as to whether this is irresponsible.

As the temperature goes up across the states and the vaccine is increasingly distributed for all the willing takers, it will be difficult for other venues to not follow the Rangers lead. The pent-up demand for the return to good times will likely create a supply and demand issue for these events similar to what we saw in the outdoor activity area, like new bikes and home improvement goods during the lockdowns. It will be interesting to see how much people are willing to pay for a ticket to their favorite ball team or concert.

Where will loyal fans draw the line and refuse to pay anymore for a ticket to the ballgame, beer and hotdog? Hopefully we will know soon as other venues follow suit with the Rangers. Returning to a crowded stadium and paying an arm and a leg will be a matter of personal choice and fans need to be just as financially responsible as they've been health conscious during the pandemic. Every time we spend money, we are in a sense voting with our dollars and these venues will see that $15 for a beer is too much.

25 YEARS OAK PARTNERS INC.
WEALTH & RETIREMENT PLANNING

Start the Financial Discussions Early

Nick Scheumann

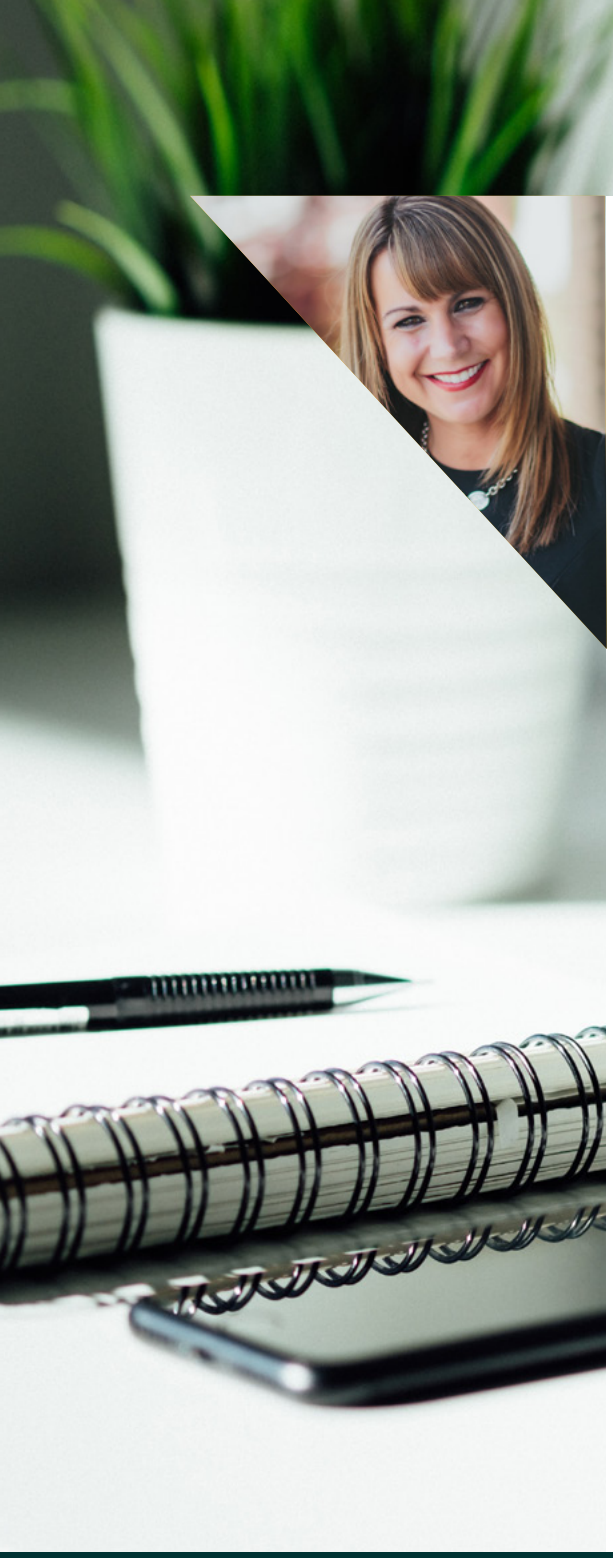
During our family's recent spring break trip where we put on 2100 miles in 8 days, we had a lot of one-on-one time with our children. This trip went through 7 states and had several stops. Two of those stops were colleges. One stop at Berea College in Kentucky was unplanned. The other was at William and Mary in Williamsburg, Virginia which we all wanted to see because of the historical figures who have attended that University.

The most amazing thing we learned was the free tuition Berea College offers ALL their students! This stood out more than the fact George Washington and Thomas Jefferson walked the grounds of William and Mary. Ok, maybe that was just me and my attention to the costs of colleges that was amazed!

It did spark questions from both our 10 and 12-year-old children. They wanted to know how much school costs? Why would one be less than the other? How much would they have to pay? Then there were tangential questions which came with these. We started to talk about inflation. My daughter wanted to know what Thomas Jefferson paid for his tuition and how it compared to today. We also discussed the endowment of $1.3 Billion that Berea College has and uses to keep their tuition free.

They wanted to know this information. We did not force it upon them and as we answered questions, they absorbed the information! (We did have to use Professor Google a few times) What I learned are kids are ready for financial discussions at ages earlier than what we typically assume. You also never know what kind of events or activities lead to great conversations! Who knew a random stop in Kentucky would have ended in a discussion about endowments?!?!

Source: Yahoo Finance, CNBC



OUR NUMBER ONE Priority

Lisa Batchelder

What exactly is an Executive Assistant? Some say that we are the backbone for your advisors. If you read the actual definition, an executive assistant is "a person employed to assist a high-level manager or professional with correspondence, appointments, and administrative tasks." While the executive assistants at Oak Partners preform all of these tasks, as well as so much more. Being that we work in the financial industry, we work closely with highly sensitive information; therefore, we perform our position with total discretion and confidentiality.

I have been an executive assistant for nearly 9 years and I can assure you that Oak's clients are our number one priority. It is our responsibility to go above and beyond to give them the excellent service. We see and treat our clients as not just a person but as family. We want to get to know you and your family. We do all of this because we care for our clients and we want to build a relationship so our clients feel like they can trust us. We want you to feel like you can come to us in all times of need.

You will see that the assistants go above and beyond for our clients. We want to ensure that we get everything accomplished and processed in the most efficient and timely manner. This is why our advisors have us around, so they can focus their efforts on more important tasks. We want you to be pleased with the work that we do for you! I encourage you to reach out to your executive assistant any time. We are here for you and happy to help.

"WE SEE AND TREAT OUR CLIENTS AS NOT JUST A PERSON BUT AS FAMILY."

IS MY SOCIAL SECURITY TAXABLE?

Shane Crist

Clients often ask this question and the answer is maybe. Whether or not you pay taxes on your Social Security benefits mostly depends on the amount of your total adjusted gross income (AGI). If the total of your AGI, non-taxable interest and half of your Social Security benefit is greater than $25,000 as an individual or $32,000 as a married couple, then your benefits become taxable. Retirees with incomes above the thresholds of $34,000 for individual and $44,000 for couples may have to pay income tax on up to 85% of their Social Security benefits. If you have saved for retirement and have a pension or other sources of income then there is a good chance that you will have to pay taxes on your Social Security income.

If your benefits are likely to be taxed, here are some strategies to possibly reduce your tax implications:

1) Consider taking IRA withdrawals before starting your Social Security benefits. This can reduce your IRA account balance by the time required minimum distributions have to be taken and likely reduce the amount of Social Security taxes that might be due as more IRA money is withdrawn in the future.

2) Convert traditional 401(k)/IRA assets to a Roth account or save directly to a Roth 401(k)/IRA before retiring. Withdrawals from Roth accounts are not subject to taxation as long as they have been open for at least 5 years.

3) Manage your other non tax sheltered investments. Some investments generate taxable income, while others are tax exempt. If possible, consider investments that may provide you with some tax advantages in retirement.

This is intended as general information. As always, please consult with your tax advisor and your investment advisor before making any investment decisions.

Traditional IRA account owners have considerations to make before performing a Roth IRA conversion. These primarily include income tax consequences on the converted amount in the year of conversion, withdrawal limitations from a Roth IRA, and income limitations for future contributions to a Roth IRA.

In addition, if you are required to take a required minimum distribution (RMD) in the year you convert, you must do so before converting to a Roth IRA. A Roth IRA offers tax deferral on any earnings in the account. Qualified withdrawals of earnings from the account are tax-free. Withdrawals of earnings prior to age 59 ½ or prior to the account being opened for 5 years, whichever is later, may result in a 10% IRS penalty tax. Limitations and restrictions may apply.

Cash Flow and The Importance of Understanding Yours

Stacey Fargo

Cash flow can easily be defined as money in (+) and money out (-). Add them together and you either have a surplus of cash at the end of the month, or the dreaded red which indicates a negative balance. Understanding this number at any age is the most important factor when devising a retirement plan, savings plan, debt reduction plan, or quite frankly any plan that revolves around money.

Over the many years I have constructed financial plans, this cash flow number tends to trip people up the most and requires a little more homework than just gathering statements, but I can guarantee it is a number worth understanding. When we sit down to create not only a retirement plan, but an investment strategy for our clients at Oak Partners, this monthly cash flow, or what we would call monthly expenses, is the driving factor to understand if the path you are currently on will get you where you want to go (financially).

I encourage you to track your monthly income and spending the next 2-3 months to understand how much money you currently need to live the life you are living now. Gather bank statements, credit card statements, and track the cash you are using. Each month can vary with expenses as there are times when annual or quarterly bill is due (such as insurance premiums) which don't occur each month. By tracking a few months of expenses, you will be able to come to an average. You now have the most important part of the plan. Use that information to make changes, create a plan, and feel good about where your future is headed no matter what stage you are in life.

Inflation

TEXTBOOKS, DATA, AND THE REAL WORLD

Marc Ruiz

After the unprecedented monetary policy actions by the Federal Reserve and the continuing efforts by the Federal government to stimulate the economy in response the COVID crisis I believe we are likely to hear much about increased inflation over the next couple of quarters or even years.

Inflation is an interesting topic, and one that has been off the radar for about a decade now. I break this topic into three different ranges, each with its own considerations and outlook.

The first range is what I would call the college economics textbook range. All econ students are taught fairly early on that inflation tends to increase prices and drive the value of a currency down over time. This is the same definition used for professional training in the vocation of financial planning, and the definition "baked into" most financial planning software.

As with many concepts in the academic realm, the way inflation is discussed in the textbooks and experienced in the reality don't always align. But most financial advisors are taught to inflate a family's spending needs by 1%-3% over time, and when financial software is used this metric is almost always included.
The second range is the data range. The "data" is the headline numbers investors pay attention to when attempting to discern trading strategies based on inflation. Inflation data is released on a monthly basis, and I expect markets to become very sensitive to this inflation data over the next year or two.

This sensitivity though, also has little to do with how inflation is perceived in the real world by consumers and families, instead investors are primarily concerned with how interest rates and Federal Reserve policies may react to the data. In this realm I expect inflation to drive market volatility in the coming months as investors begin anticipating policy changes if inflation picks up materially.

The third range is what I would call the "real world". After working with families both preparing for and navigating retirement for nearly 28 years now, I have observed that inflation is perceived neither in an academic linear fashion or data driven headline fashion. I like to say, sure bread and milk may have gone up in price by $1.00, but most retirees only buy two loaves and two gallons a month, and a $4 increase in prices in a family budget of $5,000 to $10,000 a month doesn't move the needle much.

Plus, retirees are more likely to have homes that are paid off, or closer to being paid off and they tend to drive their cars a bit longer than non-retired people, which tends to drive spending needs down over time. So, from a planning point of view, am I concerned about inflation? Of course, it is part of my basic training, but from a logistical point of view it's still not the highest concern on my list right now for my clients.

News & Announcements

Crystal DeHaven, Director of Client Experience

As many of you know, Our Oak family suffered an unimaginable loss in March. We lost a friend, a colleague and partner, Joe Starkey. We would be remiss if we didn't take a minute to thank you for your out pouring support and love. The cards, the flowers, the food, and the simple calls to check in on us expressed how deeply we are connected with our clients. Thank you doesn't seem to pay justice to how grateful we are for you.

NEW TO THE OAK TEAM

In early March we added to our team. Please help us in welcoming the following ladies: **Morgan Ericksen** will now be filling Lisa's past role of Executive Assistant. Morgan grew up in Dyer and is a recent grad of Purdue Northwest. Morgan enjoys working out and hanging out with family & friends.

Lacie Le May is the new executive assistant to the Wealth Management group. Lacie grew up in Crown Point, IN and received her degree in business management from Eckerd College in St. Petersburg Florida. In her spare time, she enjoys cooking, scuba diving, hiking, and traveling. Lacie currently resides in Cedar Lake with her boyfriend and precious pup named Sydney.

Our new Administrative Assistant, **Brianna Boillot** grew up in Winfield, Indiana. Brianna moved to and from Florida while complete her schooling. Brianna is currently attending the University of South Florida completing her bachelor's degree while being home in Indiana, closer to her family. In her spare time, she enjoys spending time going on long runs, exploring nature, or spending time with her pets.

All of these wonderful additions to our team are fitting right in!

Morgan Ericksen

Lacie Le May

Brianna Boillot

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