



# The BVB Group

**BAIRD**

Private Wealth  
Management

## The Home Stretch

As we wrap up the year, we would like to highlight the unique year 2021 is shaping up to be.

From a performance perspective, the year has exceeded a lot of expectations. The S&P 500 ended midyear up 15.3 % and is up 15.9% through September. We remind clients that means historically the market could be flat for the remainder of the year or lose 5-7% and still be at or above historical averages.

Secondly, the market has shown little volatility this year, which we want to use as a reminder that it is not uncommon to see -5%, -10% and -20% downturns in the market. We know these are going to occur, we just never know when.

Lastly, is the resilience. Many of the families we work with have called to address concerns around inflation, COVID, tax law changes and the market has continued to thrive during this time.

At the end of the day, we can only enjoy the growth of the market and continue to manage the risk in your portfolios.



*Rachel Lazewski, Rick Verthein, CFP®, CPWA®, Jennifer Ewert, Curt Brewer, JD, CFP®, Ashley Brown, CFP®, CDEA®, Briana Berndt*

### MARKET PULSE (As of 09.30.2021)

Index	YTD	1 year	3 year	5 year
Dow Jones Ind Avg	12.1%	24.2%	11.0%	15.7%
S&P 500	15.9%	30.0%	16.0%	16.9%
MSCI EAFE	8.8%	26.3%	8.1%	9.3%
Barclays Agg Bond	(1.6%)	(0.9%)	5.4%	2.9%
Barclays Muni Bond	0.8%	2.6%	5.1%	3.3%
Barclays High Yield	4.5%	11.3%	6.9%	6.5%
BBgBar 3-Mo T-Bill	0.0%	0.1%	1.2%	1.2%

Source: Baird's 3Q21 Market Chartbook

## Year End Tax Planning Tips

At the end of the year approaches, we always have a few reminders for our clients.

1. All gifts and charitable donations must be delivered to the recipient by December 31st, 2021 – If you own stock or securities with a sizable gain and worth more than \$1,000, consider giving investments instead of cash. Just remember, you must own the stock for more than one year in order to get favorable tax treatment on stock gifts.
2. Tax losses must be realized by December 31st, 2021 – Selling investments that have a loss can be used as an asset to offset realized gains and up to \$3,000 of ordinary income if you have used up all of the gains for the year.
3. Required Minimum Distributions are back!! For those 72 and older or have an inherited IRA or inherited ROTH IRA you must take your “RMD” before December 31<sup>st</sup>. This figure is determined by your age and your December 31<sup>st</sup>, 2020, value of the account. If you would like to you know if you have satisfied your RMD for the year, please give us a call.
4. For those over 70 ½ and charitably inclined you may want to consider a qualified charitable distribution. This is where you make a direct payment from your IRA to a charity, and it is a non-taxable distribution. If you are over 72, this will also count against your RMD we reference in point #3.
5. Review your federal and state tax withholding. – if you end up getting a large refund every year you should look at changing your tax withholding because a large refund is an interest free loan to the government. Here is the IRS link that helps you determine how much to withhold: <https://www.irs.gov/individuals/tax-withholding-estimator>
6. Consider converting assets from your Traditional IRA in whole or part to your ROTH IRA before year-end.

We encourage our clients to stay ahead of the game and make sure gifting or any year end deadlines are addressed well in advance of the December 31st deadline. While we do not give tax advice, we are happy to help with any tax analysis to show you the impact of IRA distributions or ROTH Conversions.

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## Government Policy & the Stock Market

Trillions of dollars in additional government spending has occurred to fight the pandemic, and even more is on the horizon for the “infrastructure bill”. It’s not a surprise that we are receiving a lot of calls regarding how these bills (both the spending bill and tax changes on how to pay for the spending) is going to impact our clients.

Before addressing some of those concerns, we thought it would be a good reminder to share how bills are passed. Here is an “oldie but goodie.”

<https://www.youtube.com/watch?v=OgVKvqTITto>

With that in mind, Bills are merely ideas put to paper and then negotiated through Congress. Bills change to get the votes to not only pass the House of Representatives but also the Senate. Once those are voted on, the last test is to get signed by the President.

In the world of a 24-hour news cycle and immediate access to information, many times drafted bills are portrayed in the media as the final version of law, which can create a set of urgency to make changes to your plan that might not come to fruition.

When bills are issued, our team rarely makes immediate changes to our investment strategy or planning, however the bill gives us insight into the direction the bill might head. We are paying attention to whether they are targeting corporations vs. individuals, will it be higher income individuals or more impactful to middle class and above. So those early draft bills don’t usually present an immediate opportunity for changes but puts areas into focus that we should be paying attention to.

## Protecting You & Your Accounts

This year we have noticed an increase in the amount of fraud and attempted fraud amongst our clients. In the ever more digital world, we thought it would be good to remind you of the steps Baird takes as well as steps you should take to protect your identity.

First, here is a link to Baird’s site that walks you through all the different ways we protect you and your information: <https://www.rwbaird.com/help/information-site-security/>

The website provides an extensive list, such as encryption, firewall systems, time logoffs, employee training, and third-party risk management.

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Despite the protections we have in place, you will be the first line of defense in protecting your data. So here are some of the ways you can protect your information.

## Cybersecurity and the Role You Play



Baird takes great care in protecting your information, but you play a critical role as well. We strongly encourage following these five tips to help improve your online security.



### Keep all of your software up to date

Install patches for your operating system, applications, and web browser as soon as they're released to reduce your risk of being infected with malware.



### Use a reputable antivirus software

This will further reduce your risk of a malware infection.



### Think before you click

Avoid clicking on links or attachments in unexpected emails or texts. Links may direct you to malicious websites that attempt to infect you with malware or harvest your information. Attachments may also contain malware.



### Secure your accounts

Use a long, strong, and unique easy-to-remember passphrase for each of your accounts. Enable two-factor authentication where available to add another layer of security. Also, consider using a password manager app to help you create and store strong passwords securely.



### Take control of you digital footprint

Be mindful of the information you share online whether it's for a financial transaction or social media. Do not post about vacations or business trips in real-time. Always log out completely after completing a transaction or sending a message. Log in and review the privacy settings of your online accounts.

For those looking for additional protection, Baird offers identity theft protection through a third-party partner, InfoArmor. InfoArmor is an expert identity theft protection service meant to protect fraud. The services include protection against high-risk transactions, credit monitoring, dark web surveillance, digital wallet storage and more.

The service is available for clients at a discounted monthly rate of \$9.95/individual and \$17.95/family and is complimentary for clients with over \$5M of investible assets held at Baird.

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### **Reminders and other updates**

**Continue to Go Green** – If you are tired of receiving all the paper mailing of statements, investor communications and transactions confirmation you can easily turn them off through your Baird Online. If you need help, please give our teammate Briana Berndt a call at 262-523-5644.

**Utilize 360 Wealth** – More of our clients want to see their financial snapshot in one place. 360 Wealth is Baird's account aggregation tool that allows you to link outside accounts (like 401ks, 403bs, outside checking and savings accounts, etc). The tool integrates all of those accounts into our planning software as well as your Baird Online so you can see everything in one place.

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