

The BVB Group Newsletter

3rd Quarter 2021



Mid-Year Check “Check Ups”

We are halfway through the year and seeing the recovery from the COVID pandemic has been incredible. Looking at the year-to-date and the one-year return shows the impact of a reopening of the economy combined with fiscal stimulus provides an incredible tailwind for the markets.

When our clients ask us, what do we do from here, we are telling them it’s the perfect opportunity for a mid-year checkup and a reset of expectations for the second half of the year.

What we mean by that is if the market is up 15.3% for the first half of the year that means the second half of the year could end flat and be above average rates of return. So, use that as a benchmark for expectations going forward.

Secondly, it’s a great time to look at your spending, asset allocation and risk to make sure you are properly positioned for the second half of the year.



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

MARKET PULSE (As of 06.30.2021)

Index	YTD	1 year	3 year	5 year
Dow Jones Ind Avg	13.8%	36.3%	15.0%	16.7%
S&P 500	15.3%	43.7%	12.4%	11.9%
MSCI EAFE	9.2%	32.9%	8.8%	10.8%
Barclays Agg Bond	(1.6%)	(0.3%)	5.3%	3.0%
Barclays Muni Bond	1.1%	4.2%	5.1%	3.2%
Barclays High Yield	3.6%	15.4%	7.4%	7.5%
BBgBar 3-Mo T-Bill	0.0%	0.4%	3.0%	1.9%

Source: Baird's 2Q21 Market Chartbook

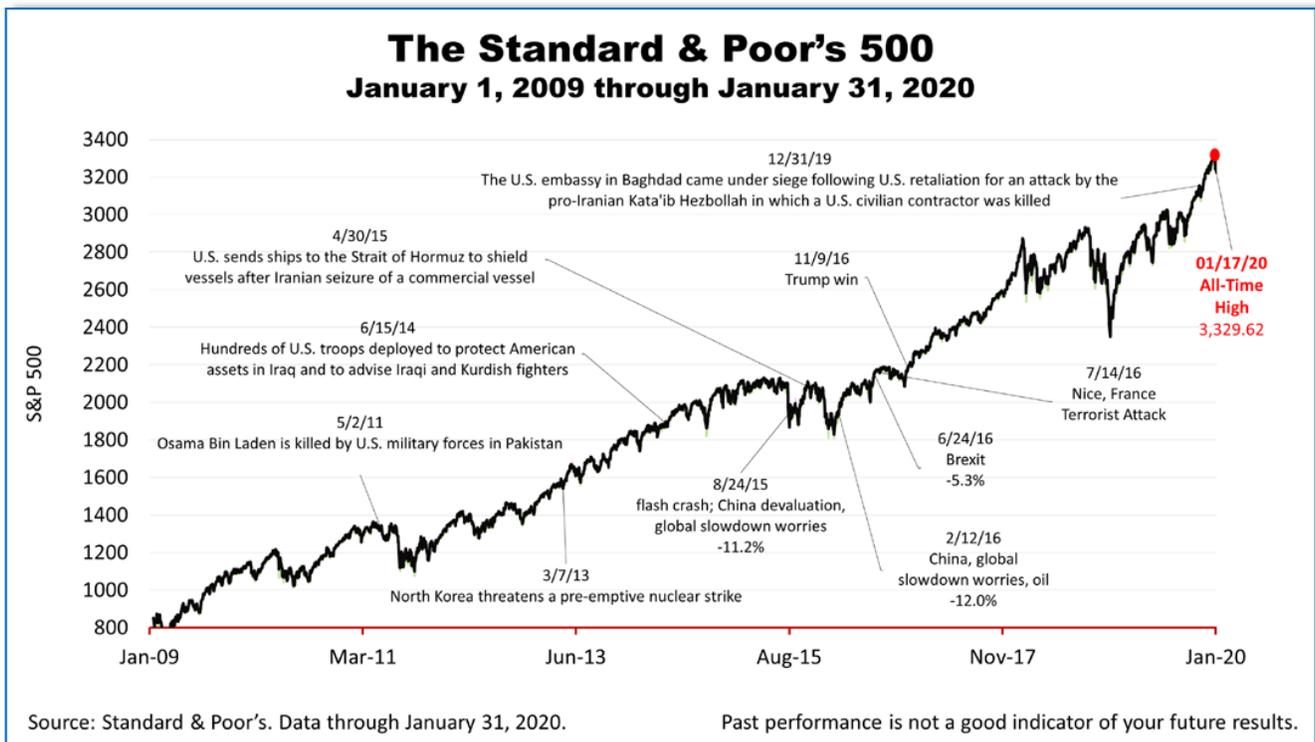
Hot Topics and Hot Takes

As we start the 3rd quarter there are a lot of topics and strategies being discussed in our industry; a lot of it will come to light during the year as Congress and the Administration hammer out spending deals and tax reform. Either way – here are some highlights of important season topics we are discussing with clients.

1. Inflation – Right now you cannot read an article or turn on a business channel without hearing about inflation. Inflation has a real impact on spending and portfolios. I would encourage everyone to look at last quarters newsletter for a detailed discussion on inflation; however, we

generally think these major spikes in inflation will subside as the economy reopens and supply chains catch up to demand. That doesn't mean some costs will go back to pre-COVID levels, but all signs point towards a shorter-lived spike in goods.

2. Market Correction on the Horizon – The S&P 500 has grown by 31.5% in 2019, 18.3% in 2020 and is up 15.3% YTD. This is naturally leading to investors to wonder when this market is going to crash. The answer is we don't know. Every year there is a risk that can spook investors and result in a sale and downward trend in the market and in most cases, you cannot prepare for it. (See the Chart Below) The risks that we are all aware of, inflation, underweight or over exposure to equities, etc. are the ones you can prepare for.



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Dual Custody and the Child Tax Credit

There is a lot of buzz around the direct payment and increased amount, of the Child Tax Credit. For many this is welcomed news, but for those who share custody and the ability to claim children as a dependent on their taxes, it has become headache. If you are in a situation where you claim a dependent child every other year, you'll want to make sure you're entitled to the 2021 Child Tax Credit. If you claimed a dependent in 2020 that you're not eligible to claim in 2021, you will need to unenroll from these payments. The Child Tax Credit Update Portal will allow you to do so once the portal is available (beginning in July). If the opposite is true and you are eligible to claim the credit in 2021 but you didn't claim it in 2020, you'll again need to navigate to the Child Tax Credit Update Portal to claim your credit. If you receive payments you aren't entitled to or you don't get the credits, you're due, it will be reconciled on your 2021 tax return. In January 2022, the IRS will send you Letter 6419 to provide the total amount of advance Child Tax Credit payments that were disbursed to you during 2021. You should hang onto this letter as you may refer to it when you file your 2021 tax return during the tax filing season.

<https://www.irs.gov/credits-deductions/child-tax-credit-update-portal>

Defining Designations

You have probably noticed that our team carries several credentials after our last names, and while many of our clients might know what they stand for, they might not know what they mean. We thought this would be a good summary to know a little about the extra length our team goes to continuously learn and strive for excellence in our careers.

- **CERTIFIED FINANCIAL PLANNER™ or CFP®** - Curt, Rick and Ashley all hold this designation, which is owned and managed by the CFP Board. In our opinion this is becoming standard in the wealth management industry. The certification begins with university level coursework on the topics of Professional Conduct and Regulation, General Principles of Financial Planning, Education Planning, Risk Management and Insurance, Investment Planning, Tax Planning, Estate Planning and Financial Plan Development. The coursework provides Advisors with a very broad education on overall wealth management and always holds the advisor to a fiduciary standard

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of conduct. The continuing education requirement is 40 hours every two years, which means you know a CERTIFIED FINANCIAL PLANNER™ is going to continue learning throughout their career. For more information check out their website: www.cfp.net

- **Juris Doctor or JD** – Curt holds this graduate level degree which he obtained from Marquette University. Holding the JD allows Curt to practice law, however with his career at Baird we do not practice law nor give legal advice. Curt's background in estate planning paired with his JD is especially helpful when working with complex estate and legal issues our clients face. While not required, Curt completes 30 hours of continuing education credit every two years.
- **Certified Private Wealth Advisor® or CPWA®** - Rick currently holds this certification which is focused on serving high net worth clients. The curriculum, while like the CFP®, focuses on issues that individuals with \$5M or more might face, which include equity compensation, tax planning, legacy and endowment planning, family dynamics, behavioral finance and planning for executives and closely held business owners. The CPWA® certification program requires 40 hours of continuing education every two years and hold advisors to the Investments & Wealth Institute Code of Professional Responsibility.
- **Certified Divorce Financial Analyst® or CDFA®** - Ashley currently holds the CDFA® designation because as you know, some couples get divorced, and they want someone who knows the financial process to help them along their way. The educational component complements the CFP® however there is additional focus on knowing the divorce laws and procedures, marital vs separate property states, child and spousal support and the division of assets. If you or someone you know might be going through a divorce, have a CDFA® may help protect your assets. The CDFA® requires 30 credits of continuing education every two years.

At the end of the day, designations show that the team is committed to continuous learning and striving to be experts in their industries. If you have any question, feel free to let us know.

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Reminders

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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