



Ellenbecker
Investment Group

25 years

In Touch

Since 1996

3rd Quarter 2021

Looking Ahead

As the third quarter of 2021 approaches, I have an opportunity to reflect on what it means when people say “we are getting back to normal”. I don’t know about you, but my life hasn’t been “normal” for many decades; instead, it has been a compilation of change, adventures, challenges and new opportunities. As I write this article, I am enjoying the reward of raising our kids through high school and having our last graduation celebration this summer.

My youngest child, Mia, is heading off to college a thousand miles away in a few short months. Like with most of life’s major transitions, I am excited, nervous, happy and sad. Most of all, I am proud of her.

Life is about seasons and looking forward to the best days of our lives. When one goal is attained, there are more to follow. For Mia, now she is looking forward to meeting new friends, learning exciting material and eventually graduating again. Then it is marriage, buying a home, building a career and starting a family. Eventually, her goal will be retirement. Even in retirement there are more goals, like travel, spending time with grandchildren, volunteering and creating a family legacy.

When I think about the advice I give our clients on goal setting, it includes:

- **Set a goal** — This sounds elementary, but if you don’t set a goal, you won’t achieve it. Share that goal with people who love and support you. Sharing makes it more attainable and creates a support system.
- **Be willing to change that goal** — Sometimes the goals we set at one point in our life don’t make sense at other points. There were times when my focus was getting my teenagers to graduate high school and now, I am goal setting for a college graduation.

- **Don’t let your goals limit you** — If I had created goals, achieved them and not stretched beyond those goals I would be nowhere near where I am today.



Julie Ellenbecker-Lipsky,
CFP®, CFA®
President and Senior Wealth Advisor
Ellenbecker Investment Group

When I think about the advice I share on looking forward and embracing change, I consider:

- **Life is about looking forward and celebrating what is right.** We have all experienced loss, stress and disconnect while navigating our lives, whether it be a result of children leaving the home (or maybe staying too long), a global pandemic or retirement ... change can be tough.
- **Change is how we grow.** When we are growing, we are mentoring the ones we love to grow too. We can’t control what happens in our lives but we can control how we act and react and that is what creates our legacy.

All in all, I don’t ever see my life “getting back to normal” as I continue to grow and develop both professionally and personally. I don’t even want to “get back to normal”. I look forward to creating a new normal for our friends, family, employees and clients. We will be here for you no matter how your life changes and we won’t let you, or your plan, get stuck into normal. You can count on us to continue to help you achieve your goals

Ellenbecker Investment Group is happy to guide you and your future generations through all the important decades while celebrating the milestones as they are achieved. Please reach out any time for more information. ■

Passion Projects

Helping individuals, families and businesses with their investment planning has been my passion for over three decades. I founded Ellenbecker Investment Group in 1996 because I believed there was a better way to serve our clients. I had experienced the fee-based model of paying for services while working for the M&I Trust company. Charging a transparent fee made so much more sense to me than the commission-based model. At that time, it seemed like many advisors believed a fee-based model couldn't work. EIG currently manages over \$1.3 billion dollars in assets, employs nearly 40 people and financial companies all over the world are now embracing the fee-based model.

When starting Ellenbecker Investment Group, I was committed to creating an environment for employees to grow and to feel as though they are part of something more fulfilling. I knew that if our employees felt valued and were given opportunities to expand their careers, EIG would organically grow and expand the quality of services we could offer to our clients. Our employees, together with Investment News have honored EIG as one of the 75 Best Places to Work for Financial Advisors.

Way back in the beginning I had a desire to intentionally change the perception of the financial industry,

demonstrating to the financial community the importance of putting client's needs first, taking a holistic approach to investment and financial planning and trusting that you can do business ethically and still make a good living. I am proud to say that EIG is a three-time Wisconsin BBB Torch Award Recipient for Business Ethics and Integrity, an honor no other financial firm has achieved.



Karen J. Ellenbecker
 Founder & Senior Wealth Advisor
 Ellenbecker Investment Group

As a result of the success of EIG and together, with my daughter Julie, we have personally and professionally committed to our core value of philanthropy. The Ellenbecker Investment Group Charitable Foundation was started in 2006 and we are proud to commit a percentage of our gross annual revenue to fund the giving of our employees and foundation board. This has been an immense accomplishment for us, and I am grateful to have the ability to create a legacy for my children, grandchildren and employees through philanthropy.



Photo at left is Karen with her granddaughter, Taelor. Hover your phone's camera here for more information on our first book, "My Pillow Has Wings".



We all have heard the sayings, “time flies,” “take time to stop and smell the roses” and the “grass is greener where you water it”. Recently I have taken time to reflect on my life and my career ... my son John turned 50 this year! I had to accept the fact that time had flown by and at age 72 I have found myself asking ... what do I really want and how do I want to show up in this world? I have had my feet on the ground for a very long time and I hope to share my business and personal experiences, providing inspiration and encouragement for others to follow their own interests and to enjoy the fruits of their labor.

Overall, looking back over my career, I realized that I didn’t stop often enough to “smell the roses” and appreciate my successes and the people that helped me achieve my success.

This year, my personal reflection resulted in two exciting opportunities. First, I created a TEDx Talk held through UW-Milwaukee called “The Power of Positive Disruption”. It is my personal journey as a woman in the financial industry. I invite you to scan the QR code below to watch the recording or go to YouTube and put in my name.

Second, I founded a fulfilling and meaningful non-profit with my granddaughter, Taelor, called “Pillows with Wings”. Our goal was to produce children’s books that are based on true life experiences focused on themes such as loss, forgiveness, empathy and love. Our first book “My Pillow Has

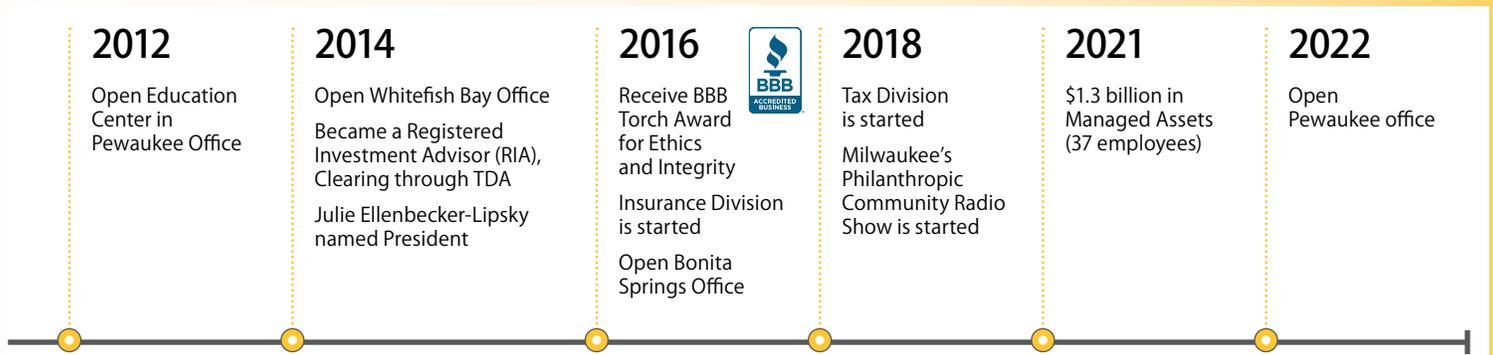
Wings” is based on Taelor’s personal discovery of loss, love and forgiveness. When Taelor was little, I gave her a very special pillowcase with clouds so in her dreams she could fly and visit her mother who was missing from her life. There is even a song written by Willy Porter that goes with the book. It has been a beautiful journey for our entire family. Our book will be available in bookstores in the fall, for more information go to pillowswithwings.com/.

Together Julie and I have grown EIG while focusing on our core values and treating others the way we want to be treated. Our investment philosophy, tax-planning services, insurance division and our new wealth coaching services have helped our clients achieve their financial goals and enjoy their wealth.

EIG has been my “baby” for 25 years and I am so proud of how we have continued to grow under Julie’s leadership. In 2022, we will be transitioning into a new headquarters not far from we are now, watch for more announcements later this year.

Some people would think that I was in the last inning of my life, yet I believe that every day provides an opportunity for us to grow and expand our boundaries as we take the time to lift up others, do what we can when we can and together make this world a better place to live.

Our success and commitment to doing the right thing proves that the grass is greener where you water it! ■



Hover your phone's camera here to listen to the TEDxUWMilwaukee talk!

**OUR CITY.
OUR STORY.**

TEDxUWMilwaukee
x = independently organized TED event

Long Term Care Insurance: Do I Need It? Why Are My Premiums Rising?



Diane Gastrow
Director of Insurance Planning
Ellenbecker Investment Group

Shortly after my mother's 70th birthday, my father unexpectedly passed away. Fortunately, her house was in order and she knew she should have sufficient resources to enjoy her retirement years ... assuming she does not have an unexpected long term care expense. She and I spoke and her goal was to live a long healthy life but her fear was that she would be a burden to me and my siblings.

To address this concern, 19 years ago, Mom purchased a traditional long term care insurance policy. She leveraged her premium dollars to buy access to tax-free benefits to pay for any long term care services she might need.

She felt good about it, and so did I. I got to use my expertise to help her address a concern of hers.

And we lived happily ever after, right?

Not so fast ...

Since Mom purchased her policy, the insurance company has come back to her three times with premium increases. Yes, seriously...three increases!

She did the right thing. She planned for contingencies and how to address them, and the rates went up.

Unfortunately, this is a common experience for many of our clients with many different insurance companies. Policies that were sold in the past were mispriced and are not

sustainable for the carriers. A couple of significant things have occurred to explain the rate increases:

- Individuals are living longer and requiring more long term care services than expected.
- Many policies offer "unlimited" benefits, which is an open-ended obligation for the insurance carriers.
- The continued low interest rate environment has adversely affected the bottom line for the carriers.

Typically, the company will offer you options to maintain your existing policy benefits at an increased rate, or modify benefits and maintain costs.

So, what did my mom do? She called me. We sat down, reviewed her benefits and made the decision that helps her sleep well at night.

If you receive a notice that your rates are going up, give me a call. We can see how the policy fits into your overall financial picture and then make the decision that is right for you. ■



Hover your phone's camera here to visit moneysenseradio.com and listen to the Money Sense radio show with Diane Gastrow.

In the News

Visit the **News** section of our website to see where our wealth advisors are featured:

- Karen Ellenbecker, EIG Founder & Senior Wealth Advisor, on TEDxUWMilwaukee – "The Power of Positive Disruption" plus Q&A.
- Julie Ellenbecker-Lipsky, CFP®, CFA®, EIG President & Senior Wealth Advisor, on **Positive Polarity Podcast** with Dave Molenda discussing "The Whole Person Approach to Wealth".

- Heather Deaton, CFP®, CSRIC™, EIG Wealth Advisor, on **Cream City Pacers** podcast with Alex Moehn discussing "Investing in Your Long-Term Success".
- Anne Mank, CFP®, CPA, IHC, EIG Wealth Advisor on **Moving in the Right Direction** podcast with Bruce Nemovitz discussing financial planning while downsizing.

- Karen Ellenbecker in **Media Milwaukee** – "TEDxUWMilwaukee Hosts Virtual Conference Series".
- Julie Ellenbecker-Lipsky in **BizTimes** – "How to Navigate Market Volatility".



Scan QR code to visit ellenbecker.com/p/in-the-press.



An Investment Plan For Your Refinanced Savings

In this low interest rate environment, like many of our clients, my husband and I decided to refinance our home. We were four years into our 30 year mortgage at 4% and my husband, after meeting with a lender to discuss our options, presented me with what he believed would be a great deal — keeping our payment the same with a 20 year mortgage at 3%, saving us about \$80,000 in overall mortgage interest. However, my focus was instead on helping our monthly cash flow. I pointed out that extending the term of the loan for another 30 years with a similar rate, would reduce our monthly payment by \$250 and we could then invest that savings. His concern was the longer loan increased the total interest paid by about \$50,000 over that time. However, when I showed him our monthly savings invested at an average annual 5% rate of return over 30 years could grow to \$150,000, his focus quickly shifted to our potential net profit.

Initially it was difficult to adjust our conditioned mindset that believed any debt should be paid off quickly. It was counterintuitive to see the reduced rate as an opportunity to invest additional funds at a higher rate of return. When we considered that the equity in our house is guaranteed to earn us zero and the S&P 500 30-year average inflation adjusted return (1991-2020)¹ was over 10%, we realized that

a mortgage around 3% and an investment of our monthly refinanced savings could provide us a plan to build our wealth and allow cashflow flexibility. The longer our time horizon, the greater potential we have for investment growth and tax savings in years when we can deduct our mortgage interest payments. Besides, if we wanted to pay off our mortgage early, we could do so with the funds that had grown in our investments.

If mortgage rates rise to a point where they are equal to or greater than average investment returns, then this strategy will not be as favorable. However, while the economy recovers from the pandemic interest rates are expected to remain low for the foreseeable future and mortgage refinancing will continue to provide saving opportunities. If you are considering a refinancing please reach out to one of our wealth advisors to help assess your options and create an investment plan for your savings. ■

Sources:

¹ 30-year S&P 500 Returns are Pretty Impressive, 9 May 2021, www.businessinsider.com



Maureen Holson, CFP®, AIF®
Wealth Advisor
Ellenbecker Investment Group

Reminders for Recent Graduates

My mother, an elementary school teacher, was hoping one of her children would also be a teacher. In a way her dream was realized as I am passionate about my job in educating clients and setting a plan for their family. Consider the following steps before your recent graduate's next steps in fall:

- Complete your FAFSA at fafsa.gov.
- Fill out your Health Care and Financial Powers of Attorney and HIPPA Release forms. Request hardcopies from EIG or find on dhs.wisconsin.gov/forms/advdirectives/adformspoa.htm.
- Consider establishing credit with a credit card and paying it off each month.
- Think through first semester expenses and create a monthly cashflow. Reach out to your EIG Wealth Advisor for our College Budget Worksheet.

- Understand your loans (subsidized vs. unsubsidized; federal vs. private) and prioritize future financial wellness.
- Review auto and renters insurance.
- Create an emergency fund.
- Prepare for the unexpected: studentaid.gov/announcements-events/coronavirus

The choices you make today will help define the success of your financial future! ■



Jean Range, CFP®
Senior Wealth Advisor
Ellenbecker Investment Group



Hover your phone's camera here to listen to the Money Sense radio show with Jean Range and Vivian Tsai - College Savings Foundation

Retirement Planning for Businesses



Kristina Schnuckel, CFP®, AIF®
Director of Client Experience
& Wealth Advisor
Ellenbecker Investment Group

It has been a tough 18 months as we still deal with the effects of the global pandemic. While Wall Street has emerged from the pandemic at a new high, the smaller businesses were hit harder, trying to meet the needs of their customers with a remote, and often smaller workforce. I've never been more grateful for our dedicated employees here at EIG. Each and every employee was committed to our company's success. Our employees were dedicated because our firm is dedicated to their success.

In my role as our Director of Client Experience, I get to work directly with two of my biggest passions: our clients and our employees. I do not believe we could provide our clients with a high level of service if we were not willing to provide our employees with that same dedication. One of the best ways to invest in your employees as a small business owner is to invest in their financial future by offering a company sponsored retirement plan. Close to 75% of small business workers lack access to a 401(k) plan, and of those who are offered one, only 70% of them participate.

Employer retirement plans are not "one size fits all". There are a number of different

options and almost all of them can be built to suit your individual needs. There are even tax incentives from the IRS to help business owners offer plans. When looking to establish a retirement plan, some of the key considerations include:

- Your objectives as the business owner
- The number of employees within your firm
- Cash flow of your business
- Administrative costs

At EIG, we have taken the additional steps to ensure that our Fiduciary duty extends to our employer-sponsored retirement plans. Our advisors who work with plans have their Accredited Investment Fiduciary (AIF®) designation, as well as their Certified Financial Planning (CFP®) designation. This helps ensure that we can act and advise in your best interest and support your employees as they plan for their own retirement.

In evaluating the best plan for your business and employees, I have found the piece that is most often missing is education. A 401(k) plan or a Simple IRA plan that is not partnered with financial planning and education for participants, will always fall short of expectations. For this reason, we work with all our employer plan participants as if they are individual wealth management clients of EIG. This helps ensure you are investing in your employees the same way you are investing in your company's success. ■



Hover your phone's camera here to visit moneysenseradio.com and listen to the Money Sense radio show with Kristina Schnuckel.

Milwaukee's Philanthropic Community®: Past Guests

Tune in on WISN AM 1130 at 10:00am CST or connect online at newstalk1130.com. Shows can also be heard on demand via Apple Podcasts, Spotify, Stitcher or Google Play.

This quarter's featured organizations include:

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| • Alexander Company | • Core el Centro | • Lake Country Cares | • Shalem Healing |
| • BASICS in Milwaukee | • Faith Hope & Love | • MKE Leaders | • The Benedict Center |
| • Betty Brinn Children's Museum | • First Stage | • Nonprofit Academy of Wisconsin | • The Guest House |
| • Center for Veterans Issues | • Global Leadership Network | • Perennial Culture – Center for Public Speaking | • United Performing Arts Fund |
| • Community Health Services – Carroll University | • Good Friend, Inc. | • Repairers of the Breach | • Waukesha Free Clinic |
| | • Jobs That Help | | • Zoological Society of Milwaukee |
| | • Lake Area Free Clinic | | |



Scan here to listen to past shows on our website.



Email Jill Economou at jill@ellenbecker.com to recommend a non-profit.

EIG Wealth Coaching Services

I can remember as a young girl, I was always curious about the world around me. I kept striving to learn new things. I asked for a microscope from Santa, I would read National Geographic and would constantly be at the library checking out books. When it comes to my passion, I would have to say it is my unstoppable curiosity.

This has also shown up in my career over and over again. I started in the world of audit – exciting right? But for me, it was. I could go into a new company every couple of weeks, learn about a new industry, figure out their processes and then come up with solutions for potential risks. Audit also took me to a Fortune 500 company where I was able to travel the world, experience different cultures and learn about foreign processes.

Being a Wealth Advisor, I continue to follow my passion of curiosity. Each day, I have the honor of being a little part of our clients' journeys. I learn about their financial world, but also about their family, interests, goals, dreams and adventures. I help them figure out where they are trying to go and then craft a plan specifically for them. I honestly learn something new every day! For example, recently I learned from a client that cats have fewer toes on their back paws.

But just like any passion, the more you follow it the more it grows. So, I have been recently asking myself the question, "How can I follow my passion even further and help people even more?". I started thinking about the financial

conversations I have had, and I realized there was always a part missing. I can put a fantastic plan in place, but then why do some clients follow the plan and some clients get stuck? It comes down to what the client feels about the situation and the thoughts they have around it. This gave me the idea to figure out how I could follow my passion even further.

We are excited to announce the creation of our EIG Wealth Coaching Services. We know that "wealth" is not just about money. This new service will be able to help clients move past their money blocks and limiting beliefs to live a fulfilling, wealth inspired life. We will also provide education through classes and workshops to help individuals make informed decisions that are right for them. Wealth coaching will help those that might have shame, anxiety or embarrassment about seeing a financial advisor. By adding this service, Ellenbecker Investment Group can truly help their clients at any stage of their financial journey ... and I can continue to follow my passion.

Stay tuned to our weekly e-newsletter and next quarter's newsletter for more details about these services.

To learn more, visit ellenbecker.com/wealthcoach. ■



Anne Mank, CFP®, CPA, IHC
Wealth Advisor
Ellenbecker Investment Group

Watch for more details on ellenbecker.com for the EIG Wealth Coaching virtual webinar launch. Details and special promo code to come on August 26th!

New! Inspired Wealth Podcast

Listen to Anne Mank, CFP®, CPA, IHC, as she talks about different topics to help you complete your unique vision. No matter where you are on your journey, we are honored to join you on your path to a wealth inspired life.

1. What is a Wealth Coach?
2. Money Memories
3. Roth 101

Listen on ellenbecker.com/wealthcoach.

EIG Sponsorship

EIG is a proud sponsor of the Lake Country Art & Garden Tour by PAAC on July 19-24. Learn more at pewaukeearts.org.



Fondy Food Center

I live out my core values of service, creativity and sustainability in different ways in my life — raising my family, volunteering at church, serving as a Stephen Minister and hosting the monthly Sustainable Living group at EIG. One of my 'passion projects' is Fondy Food Center where I am the current board chair. Fondy was established in 2000 on Milwaukee's north side to increase access to healthy, local food and economic opportunity across greater Milwaukee to address poverty in the area. We operate the century-old Fondy Farmers Market, Milwaukee's largest and most diverse market. More than 40 farmers and producers sell at the open air market, a space for the community to connect. Our Milwaukee Winter Farmers Market is held at the Mitchell Park Domes.

The Fondy Farmers Market is truly my happy place. Every Saturday morning, my family gets fresh produce, bakery, eggs and more from the vendors and farmers who have become like family to us. We visit, share stories, laugh and sometimes share tears. I never leave the market without a hug.

The Fondy Farm Project provides affordable land access to over 20 small family farmers on 40 acres of the Mequon Nature Preserve. Farmers can continue their craft and invest in high value crops like strawberries, asparagus and flowers. The project started in 2010 to support farmers, primarily Hmong American, who were leaving farming due to increasing challenges.

Fondy raises funds for a dollar-for-dollar matching of SNAP and WIC benefits to be spent on fresh produce at area markets. This doubles the amount of fresh healthy local food

they can buy with the benefits while increasing the income of the farmers selling the produce.

On a busy Saturday in the height of the season, the market buzzes with chatter in different languages, shoppers with armloads of produce, many smiling farmers and laughing children. At the EBT table at the market, our work plays out in real life. We hustle to serve the line of shoppers exchanging their SNAP and WIC benefits for market tokens, so they can shop before top-selling items are gone. Handing out market match funds is a visual reminder of the importance of our work. As the day moves on, farmers redeem dozens and dozens of tokens that were spent on their products. This brings our whole mission full circle. A day at the market is filled with serving others, creative solutions and sustaining communities. This is my "WHY".

To learn more about Fondy Food Center, listen to their interview on Milwaukee's Philanthropic Community by scanning the QR Code below. ■

Listen to Fondy Food Center and Just One More Ministry on Milwaukee Philanthropic Community from 1-13-19 on **ellenbecker.com.milwaukeephilanthropiccommunity** or scan the the QR code to the right.



Heather Deaton, CFP®, CSRIC™
Wealth Advisor
Ellenbecker Investment Group



Charity Casual Day

We will be collecting for Milwaukee Women's Center through October 1.

Drop off donations of professional clothing for interviews, diapers and baby items at any of our offices!

Scan to learn more:



MILWAUKEE WOMEN'S CENTER
A Division of Community Advocates
Where Abuse Ends and Hope Begins

EIG Volunteers

Milwaukee Riverkeeper: Spring Cleanup

Our EIG team joined 3,000 volunteers in Wisconsin in April to clean up the Underwood Parkway location.

Volunteers collected more than 100,000 pounds of trash during cleanup days this year!



Wisconsin Hero Outdoors

EIG supported WI Hero Outdoors during their flag raising and ribbon cutting of their new location.



Inspire Retirement

One common theme amongst the many individuals and retirees we have had the pleasure of knowing and representing over our 25-year history at EIG is that we are all promoting and striving for health and success in our retirement years.

Thinking About Retirement?

Having the opportunity to get to know so many individuals and retirees over the years, I have discovered that there are many perspectives on what the ideal picture of retirement looks like. For some it may be spending time with family or travel; for others it may be getting outside and enjoying outdoor activities on the golf course or in the garden. It could certainly include a combination of all these great things.

Finding Health and Enjoyment

One common thread amongst those working toward, or already in, retirement is that they simply like the idea of having the freedom to do the things they enjoy the most. While we strive to help clients retire comfortably from a financial perspective, we also encourage them to consider what other areas will bring fulfillment in their lives. The thought of retiring to something rather than from something is an interesting concept that can offer some great benefits in terms of maintaining the important aspects of staying healthy and finding enjoyment.

Join us as we Inspire Retirement!

I have a passion for exploring these unique opportunities that retirement offers alongside our clients and look forward to seeing you every third Tuesday of the month to explore a wide range of lifestyle topics. Feel free to bring a friend and learn about:

Staying Fit & Active — Guest hosts will share their expertise in a range of areas related to physical fitness and local recreational activities or groups.

Healthy Eating — We will also be inviting some great subject matter experts to join us. We have heard from a master gardener, a lifestyle health expert and soon we will look to have a culinary expert. Our goal is for them to share ideas and promote best practices.

Travel — We will incorporate some aspects from our previous Armchair Travelers group that are aimed at sharing our worldly experiences and will provide our guests with information on intriguing destinations.

Culture & Community

— As we are focused on our clients and community, EIG is always looking for ways to contribute through education, philanthropy and volunteerism. Some meetings will include special guests from local non-profits to share volunteer opportunities.



Jamie Williams, CFP®
Wealth Advisor
Ellenbecker Investment Group

If you have a specific topic or organization you would like to hear from, please send your ideas to me any time at jamie@ellenbecker.com.

Join us along with your family and friends for any of our upcoming events and also please be sure to attend our 3rd Annual Inspire Retirement: RV Travel Show held at our Pewaukee office on Thursday, August 5th 2021 from 4:00-8:00pm. I look forward to these monthly meetings and hope to inspire your retirement. ■

2021 Dates

July 20
August 5
September 21
October 19
November 16
December

2021 Travel Updates
RV Travel Show*
Cooking
Trains
Yoga
No meeting

*Please note this is a Thursday in our Pewaukee office parking lot.



Register by scanning the QR code on the left with your phone: ellenbecker.com/events.

Join a Firm Where
You Can Make a Difference
ellenbecker.com/careers



EIG Ellenbecker Investment Group | since 1996
Advisory services offered through Ellenbecker Investment Group (EIG), a Registered Investment Advisor. Registration does not imply a certain level of skill or training.

Planning for the American Families Plan

We have been having great discussions with clients recently about potential tax law changes for 2021 and 2022. We are following developments closely as so many of the proposed changes will affect us all. President Biden recently introduced the American Families Plan. The focus of the plan is to extend the tax breaks enacted as part of the American Rescue Plan Act (AKA Stimulus #3). These tax breaks would be paid for with tax increases and perceived 'loophole closers' on those making more than \$400,000 per year.

The American Families Plan does not include any proposed effective date for these provisions, although we are expecting it would be effective starting in 2022 to prevent any lapse in current provisions. It is possible the plan could be implemented retroactive to January 1, 2021. The proposal still faces months of negotiations in Congress, where Democrats hold a razor-thin majority. Most likely there will be several revisions to this plan, but we wanted to introduce you to some of the potential changes we could see coming up soon.

Key Components of the American Families Plan

Making Childcare More Affordable. The plan calls for having low- and middle-income families pay no more than 7% of their income on childcare for children younger than age 5.

Providing Free Tuition to Community College. President Biden is proposing a \$109 billion plan to make two years of community college free. Additionally, the plan would create a \$39 billion program that provides two years of subsidized tuition for families earning less than \$125,000 who are enrolled in historically Black universities or other minority-serving institutions.

Enhancing Paid Family and Medical Leave. The last stimulus package provided up to two weeks of paid sick days for workers who were ill, as well as an additional 10 weeks of paid leave if they needed to care for a child whose school was closed due to the pandemic. Workers would receive up to \$4,000 a month through the national leave program.

Investing \$200 Billion in Universal Preschool. The plan calls for an investment of \$200 billion in universal preschool for all 3- and 4-year-olds through a national partnership with states. The program would be accessible to families of all income levels.

Recruiting More Teachers and Strengthening the Educator Workforce. The American Families Plan aims to address teacher shortages and meet an anticipated increase in

demand for universal pre-K educators by increasing funding for educator scholarships and specialty training.

Extending Current Relief Measures:

- Keeping the expanded child tax credit through 2025
- Increasing Affordable Care Act subsidies permanently
- Making the enhanced earned income tax credit permanent
- Providing more nutrition assistance for children

How President Biden Plans to Pay for It

Raising Income Taxes. The President would like to reverse a key component of the 2018 tax cuts by returning the top marginal income tax rate to 39.6%, up from 37%. It would apply only to those with incomes over \$400,000.

Increasing the Capital Gains Tax Rate. The proposal would require households earning more than \$1 million to pay higher taxes on capital gains. The long-term capital gains would be subject to the top marginal rate for income — currently 37%, but likely rising to 39.6%.

Taxing Unrealized Capital Gains at Death. Assets that pass directly to heirs receive a "step-up" in cost basis, meaning they are valued as of the date of death. Under the President's plan, this "step-up" would be eliminated for gains over \$1 million, or \$2.5 million per couple.

Enhancing IRS Enforcement. The American Families Plan proposes to raise significant revenue by increasing IRS funding by \$80 billion to permit the agency to increase audit activity of wealthy taxpayers and estates and large corporations. ■



Sandra Geisler, CPA
Director of Tax Planning
Ellenbecker Investment Group



Richard Wolosek, CPA
Tax Planning Advisor
Ellenbecker Investment Group

Before we
advise, we *listen*

Estate Planning for Your Passion Projects

Revocable and irrevocable trusts can provide a simple way to move assets to loved ones. However, for those with substantial estates, and even those with smaller amounts of money, planning can be done for those things in your life that are most precious to you. And sometimes making those planning decisions can save you tax money.

As we have moved into a new administration and Congress, the uncertainty surrounding the estate tax system is mounting. If Congress does nothing in 2025, the current system will revert to the old dollar amounts. This will most likely bring estate tax liability back to many people that are currently exempt.

If you are a charitably minded person, one of the best ways to help charities and maintain your income base is a Charitable Remainder Trust. Essentially, what you do is you gift assets to a managing trustee. The third party trustee manages the assets and gives you income for your life and for the life of your spouse. Upon the surviving spouse passing, the balance of the Charitable Remainder Trust is distributed to the entities named by the persons who created the Charitable Remainder Trust. Doing that allows you to gain a current income tax deduction, keep income for life and still take care of the charities that are near and dear to your heart. You can also build flexibility into this Charitable Remainder Trust by retaining the right to extend your charitable reach if any of the charities you name initially cease to exist while you are still alive.

Another great way to create a deduction and move assets out of your estate is a gift of land to a land conservancy. This can be done by easement or by deed. An easement transfers the right to the conservation organization to

maintain the property in its current state. Typically, that means that you gift any rights to development, or other rights other than recreating, on the property. In order to do this, you need a piece of property that the conservancy organization deems to be environmentally significant or important for purposes of storm water or protection for lakes and streams. You can also deed directly to a conservation organization and keep a personal easement for recreation. The advantage of this method is that generally deeding a property creates a higher tax exemption.

Often, I also see people thinking they cannot make provisions in their estate plans for their pets, either large (as in horses) or small (as in dogs or cats), that they want taken care of upon their passing. You can set forth in your trust document who will look after your pets upon your demise and also leave an amount of money available for that person to take care of the pet for its lifetime. It is often an overlooked aspect of estate planning as to how pets are dealt with when a decedent passes away.

In closing, I often tell people they have to remember that estate planning is a white board and I encourage them to raise issues regarding all things that are important and near and dear in their heart — be it an art collection, pets or even the sale of an architecturally significant home. Any issues that you find are important and need to be handled, can be handled through your estate plan. ■



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before we
plan, we *listen*

If you have adult children, family or friends that would like to receive this newsletter or our weekly email, visit ellenbecker.com/newsletter-sign-up. Share EIG like it's a family recipe!

Insuring Homes to Rebuilding Cost In Today's Economy

Value is in the eye of the beholder.

For years, insurance professionals used the term "insurance to value" when determining the amount of coverage needed to insure a home. But much like beauty, "value" is in the eye of the beholder.

That's why it can be challenging for homeowners to understand that the insured value of their homes may be more than the price they paid for it, or more than the price to build it new, or more than the asking price of the house down the street.

While you know what you paid for your home or what homes in your neighborhood are selling for, you may not know about today's reconstruction processes and costs.

Insurance to rebuild.

The Starr Group is adamant we focus on the cost to rebuild a home and, therefore, the cost to realistically and adequately insure it.

Reconstruction costs determine insuring the home to rebuilding cost.

Reconstruction cost is what it would cost to rebuild a home using design and materials similar to the original home. This amount could be (and usually is!) much higher than the market value of the home.

Several factors determine the cost to reconstruct or replace a home. All of them are important.

Age of the Home. If the home was built more than 40 years ago, it is possible it was built with construction materials not used today (for instance, plaster instead of drywall). It may also have included features that aren't typically used in new home construction anymore, like ornate moldings, custom doors and unique-size windows.

Building Codes. Depending on when the home was originally built, there is a very good chance building codes have changed. Rebuilding the home as it was, while following current building codes, can pose challenges and add to cost.

Demolition/Debris Removal. When a home is destroyed by fire or a tornado, construction cannot begin until debris is first removed. This adds more to the cost.

Accessibility. It may also be hard for the contractor to get access to the home and lot. New homes are usually built in new neighborhoods with open lots that make it much easier for large construction machinery to get in and out. If the home is in an established neighborhood, there are other homes, trees and landscaping to contend with. It adds to the time needed for construction.

Top Down, not Bottom Up. When a new home is built, construction starts at the foundation and moves up. When a house has been damaged but not destroyed, the roof is often removed and the house is rebuilt from the top down. This is more time consuming and labor intensive.

One Versus Many. When constructing a single home, the builder doesn't have the discount advantage that typically comes with buying materials in large quantities as builders do when constructing several homes at a time.

Custom Features. The custom features that were built with the home, or added later, can add to the cost of reconstruction, such as custom cabinets in the kitchen, the home theater in the basement or the stone patio. Reconstructing the home with custom features adds up.

Statistically, it is found that homes are underinsured on average of 20% and for obvious reasons, remains the #1 reason why insurance agents are sued. It can be difficult to determine the accurate replacement value of a home until a loss occurs. This is why The Starr Group agents focus on providing every eligible customer with **guaranteed replacement cost**. This ensures that any additional amount of damage exceeding your replacement value is still covered, regardless of severity. This coverage is not available with majority of the carriers in the marketplace.

We are happy to assist and ensure you have peace of mind knowing your home is covered per your expectations. ■



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Rising Inflation with a Flat 10-year Treasury: What Gives?!

After a period of yield curve steepening that we witnessed since the summer of 2020, yields took a breather and were flat in the second quarter. The Federal Reserve, which controls the short end of the curve with the Federal Funds Rate, continues to make a commitment of keeping the short end of the yield curve near-zero for at least next two to three years. At the long end, for which we focus on the 10-year US Treasury rate, we are currently trading at 1.63% versus where we ended the first quarter at 1.68% — a slight retrenchment of 5 basis points quarter-to-date.

The Federal Reserve is targeting a 2.0% inflation rate over the long term. For much of the recovery since the 2008 financial crisis, we have seen tame inflation below this 2.0% target rate. In response, the Fed continues to repeat their ambition to let inflation “run hot” if even for a few quarters to try to attain this 2.0% target over the long term. The Fed can of course have these ambitions, provided inflation doesn’t run rampant and unemployment doesn’t spike. The latest readings for both inflation and unemployment were perplexing to say the least, and we wanted to dig deeper into both below:

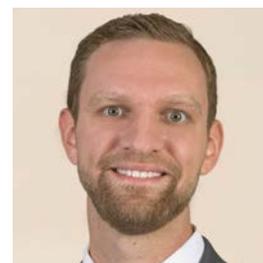
Inflation. There is no question we continue to experience an economic boom so far this year. Real GDP for 2Q21 is forecasted to be a remarkable +10.5%. Granted this is a year-over-year (YoY) comparison against the deepest depths of COVID economic lockdowns, but nevertheless it’s hard not to call this period a “boom time.” Booms usually occur at the tail end of expansions. This time, a combination of insanely stimulative fiscal and monetary policies has resulted in an unprecedented boom at the start of the current expansion. “Will this boom time translate into higher inflation?” is a question we get asked frequently. The latest reading of

April’s CPI was +4.2% YoY which brought out the inflation hawks. However, after breaking down that overall number by business segments there are many outliers. Car & truck rental prices were up +82.2%, gasoline +49.6%, and airfares were up +9.6%. Remember these are YoY versus the deepest depths of COVID when travel was virtually become non-existent. We prognosticate the headline inflation rate will range between 3.0-4.0% through the summer and fall to 2.0-2.5% in the fall and into the winter.

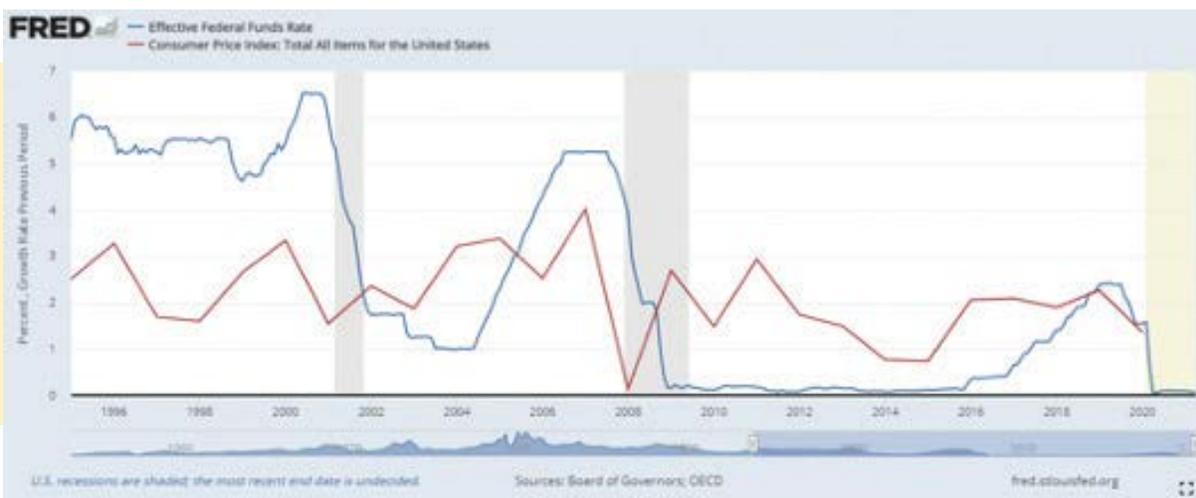
Unemployment. The unemployment rate ticked up to 6.1% in April, from 6.0% in March after adding only 266,000 jobs vs. 975,000 expected by economists. We believe there are two major factors at play: a structural problem with a mismatch between the skills required of job openings vs. the skillset of the unemployed. Secondly, a more tactical problem is the massive amount of government stimulus has removed the incentive for some to rejoin the labor force. We believe this will wear off over time as we don’t expect additional COVID stimulus. This in turn should keep downward pressure on the unemployment rate, while also keeping the Fed pat holding interest rates low, as they view full employment as having an unemployment level of ~4%. ■



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What is One Trillion?

Understanding numbers is critical to our success as investors. Much to my surprise, I find I have recently become passionate about the number one trillion. This is a number that was rarely referenced in the past but now seems to be everywhere, mentioned pell-mell and too frequently (I believe) without an understanding of just how big a trillion is, especially when talking about money. Consequently, I have made it a mission of mine to dispel a notion too many people seem to hold — that a trillion is not much different from a billion, or even a million. Because the names of these sets of numbers rhyme, could it be that our brains are not thinking about the extra zeros and what they mean?!

One trillion is a thirteen-figure number, a one followed by twelve zeros: 1,000,000,000,000. To grasp just how enormous this number is, let's look at some creative ways of describing it:

IN TIME

- 1 million seconds = 11.7 days or 0.032 years
- 1 billion seconds = 11,574 days or 31.7 years
- 1 trillion seconds = over 11,600,000 days or 31,709 years

IN DOLLAR BILLS, LAID END-TO-END

- 1 million bills measure 96 miles or roughly the distance from Milwaukee to Chicago
- 1 trillion bills measure 96,906,656 miles — greater than the distance of the earth from the sun — and would wrap around the earth's 24,902 mile circumference 387 times
- Even when stacked, 1 trillion 0.0043 inch-thick dollar bills would measure 6,786.6 miles. The exosphere, which is the upper limit of the earth's atmosphere, is 6,200 miles above the earth's surface.

Admittedly, we had some fun at our office discussing this topic and figuring out new ways of quantifying how big one trillion is. (You probably will, too.) Hopefully, this exercise has also provided important perspective on a subject that is becoming more relevant in our daily lives and to our collective future. Also, the next time we hear people throwing around \$1 trillion here and a \$1 trillion there, we may find ourselves wanting to consider what they are saying more deeply. ■



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Join us!

Inspire Retirement: RV Travel Show

Thursday, August 5th | 4-8pm

Join us in the parking lot of our Pewaukee office to tour a variety of RVs and learn about the RV lifestyle on the open road! Friends of EIG will be sharing their campers, trailers and motorhomes for you to tour while enjoying food, beverages, live music and backyard games. Stop by and meet some happy campers!

Register at ellenbecker.com/events.

Veterans Appreciation Event

Thursday, September 2nd | 4-8pm

We invite veterans, along with those who appreciate and support them, to join us for an outdoor appreciation event at EIG. Representatives from a variety of veteran organizations will join us while we enjoy food, beverages, live music and backyard games. Stop by for an evening of fun and fellowship! All are welcome.

Register at ellenbecker.com/events.



Calendar of Events

To register or learn more about our events, please visit: ellenbecker.com/events.
To receive our weekly emails, please email: info@ellenbecker.com.

July 2021

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SAT/SUN
			1	2	3/4  
5 EIG Office Closed Independence Day	6	7 Sustainable Living 5:30-7pm	8	9 EIG Charity Casual Dress Day	10/11  
12	13	14	15	16	17/18  
19	20 Inspire Retirement 3-5pm	21 Wisconsin Widows Connected 5:30-7pm	22	23 EIG Charity Casual Dress Day	24/25  
26	27	28	29	30	31/1  

August 2021

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SAT/SUN
					31/1  
2	3	4 Sustainable Living 5:30-7pm	5 Inspire Retirement: RV Travel Show 4-8pm	6	7/8  
9	10	11	12	13 EIG Charity Casual Dress Day	14/15  
16	17	18 Wisconsin Widows Connected 5:30-7pm	19	20	21/22  
23	24	25	26 EIG Wealth Coaching Launch 11am-2pm	27 EIG Charity Casual Dress Day	28/29  
30	31				

September 2021

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SAT/SUN
		1 Sustainable Living 5:30-7pm	2 Veterans Appreciation Event 4-8pm	3	4/5  
6 EIG Office Closed Labor Day	7	8	9	10 EIG Charity Casual Dress Day	11/12  
13	14	15 Wisconsin Widows Connected 5:30-7pm	16	17	18/19  
20	21 Inspire Retirement 3-5pm	22	23	24 EIG Charity Casual Dress Day	25/26  
27	28	29	30		 

EIG HR Update

Employee of the Month

Congratulations to these employees for going above and beyond and being chosen as EIG's Employee of the Month!

April	Stacie Glaser
May	Jamie Williams
June	Rachel Sciacca

Employee Anniversaries

May	Lauren Alles	7 years
June	Brett Engelking	6 years
	Kristina Schnuckel	8 years
	Stacie Glaser	1 year
	Chris Korenak	1 year

Anniversary Donations

Our employees chose the following charities to donate their anniversary \$1,000 grant:

- The Innocence Project
- Dolls Like Me & Tunnel to Towers
- Alliance of Hope for Suicide Loss Survivors
- Community Advocates
- Jazz Unlimited of Greater Milwaukee
- Make-a-Wish WI
- Give Kids the World
- HAWS
- West Africa Mercy Ministries
- UpStart Kitchen
- Kindness Ranch Animal Sanctuary

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on the radio



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WISN AM1130

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Tune in as Ellenbecker Investment Group Wealth Advisors share their unique financial perspective as they interview local and global economists, attorneys, tax professionals and other interesting guests.

Presented by Ellenbecker Investment Group, this unique show features non-profit organizations each week and explores ways for listeners to have an impact in our local community and the world.

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