



Q3 NEWSLETTER

Dear Clients and Colleagues:

2Q 2021 Market Performance¹

It was another very strong quarter for stocks with US stocks outpacing international stocks while bonds eked out a small gain.

	<u>2Q2021</u>	<u>2021YTD</u>
S&P 500	8.55%	15.25%
MSCI EAFE (Dev.Int'l)	5.17%	8.83%
MSCI EM (EmergingMrkt)	5.05%	7.45%
BBgBarc US Agg Bnd	1.83%	-1.60

Trivia

The Summer Olympics are set to begin in Tokyo in July. Which athlete won the same event in four consecutive Olympics?

Home Improvement and Taxes

Many of us are working more at home and considering home improvements or home maintenance because of wear and tear. Here is an overview of how home improvements can affect your taxes when you sell your home.

Improvements Versus Repairs

Capital Improvements

The cost of capital improvements is added to your basis in your home and potentially reduces any taxable gain when you sell your home. On the other hand, home repairs do not affect your basis in your home. A capital improvement is something that adds value, prolongs the home's useful life or adapts it to new uses. Examples of capital improvements include: additions; grounds improvements including swimming pools, fences and driveways; a new roof, siding, storm windows or doors; new central mechanical systems including air conditioning; fireplaces; and new flooring.

¹Indices are unmanaged, and one cannot invest directly in an index. Past performance is not a guarantee of future results. MSCI EAFE Index serves as a benchmark of the performance in major international equity markets as represented by 21 major MSCI indexes from Europe, Australia and Southeast Asia. MSCI EAFE Emerging Markets Index is a free float-adjusted market capitalization index designed to measure equity market performance in the global emerging markets. Bloomberg Barclays U.S. Aggregate Bond Index represents the US investment-grade fixed-rate bond market. S&P 500 Index is a market index generally considered representative of the stock market as a whole. The index focuses on the large-cap segment of the U.S. equities market. References to specific securities, asset classes and financial markets are for illustrative purposes only and do not constitute a solicitation, offer, or recommendation to purchase or sell a security.

Petrone Associates is an Agency of The Guardian Life Insurance Company of America® (Guardian), New York, NY. Securities products and advisory services offered through Park Avenue Securities LLC (PAS), member FINRA, SIPC. OSJ:2 RESEARCH WAY PRINCETON, NJ 08540, ph# 609-452-9292. PAS is a wholly-owned subsidiary of The Guardian Life Insurance Company of America® (Guardian), New York, NY. Petrone Associates is not an affiliate or subsidiary of PAS or Guardian. Petrone Associates is not registered in any state or with the U.S. Securities and Exchange Commission as a Registered Investment Advisor. Guardian, its subsidiaries, agents, and employees do not provide tax, legal, or accounting advice. Consult your tax, legal, or accounting professional regarding your individual situation. All investments and investment strategies contain risk and may lose value. #2021-124044 Exp. 07/23.



Q3 NEWSLETTER

Home Repairs

Repairs like fixing a gutter, painting, and replacing windowpanes are not considered capital improvements and do not increase the basis in your home.

Exemption Amount for Taxable Gain

If you have owned and lived in your principal residence for at least two of five years before the sale, the first \$500,000 of gain is tax free for married couples filing jointly and the first \$250,000 of gain is tax free for single filers. In cases where the two-year residency requirement has not been met, a partial exclusion may be allowed if the primary reason for the sale is work related, health related or unforeseeable. Capital improvements that increase your basis in your home will reduce your total gain, of which \$500,000 or \$250,000 (depending on filing status) may be excluded from taxable income. Homeowners should keep records of qualifying home improvements to reduce the potential taxable gain upon sale of the home.