

November  
2020

# IAG Insight

Serving the clients of IAG Wealth Partners, LLC

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### IAG Wealth Partners, LLC includes fourteen experienced professionals:

Lori A. Watt, CFP®

Susan C. Kühlenbeck

Scott D. Heins, CFP®

William E. Otto, CEPA

Christopher W. Mitchell, CFP®

Anne C. Sapienza, CRPC®

Thomas L. Peterson

Michael L. Kutz, CRPC®

Rusty J. Peterson, ChFC, CLU, CRPC®

Debra B. Melvin, MBA, CDFA™

Jayne L. Heineck

Michael J. Koerner

Jennifer B. Bartz

Jesse M. Sindorf, CFP®

## Election Implications

The American people have voted, and the 2020 election results are (mostly) in. How will this impact your investments and financial plan going forward?

Traders' initial reaction to the results have been positive. While some were expecting a "wave" election that would place Democrats in control of the Presidency, U.S. Senate, and U.S. House of Representatives, the American people took a more balanced approach to their voting.

It appears President-elect Biden has won the Presidency, but control of the U.S. Senate will likely not be known until January, and the U.S. House of Representatives will be managed by a slim majority of Democrats.

This narrow balance of power is likely to moderate any significant legislation as it winds its way through the legislative process.

Potential legislative proposals whose odds have declined due to the election results include signifi-

cant changes to health care policies, income taxes, corporate taxes, capital gains taxes, and estate taxes.

Potential legislative proposals whose odds have increased include an additional economic stimulus package to offset pandemic economic damage and a national infrastructure package to rebuild roads, bridges, and airports.

Traders are optimistic in the short-term about these potential shifts.

Over the longer-term we expect this election to have only a modest impact on your long-term financial plan.

Potential legislation in the next four years could address the shortfall in the Medicare Part A Hospital Insurance Trust Fund which may be exhausted by 2026 or modify or extend the 2017 tax reform law that expires at the end of 2025.

Overall, we believe your election implications will be modest from both portfolio and planning perspectives.

## Upcoming Events

### Power Break: Outlook 2021

Our Power Break will be held virtually on Tuesday, 12/1, at 4:00 pm. You must RSVP by **Monday, November 30**, to receive an e-mail invitation to join the Power Break. Participants will be encouraged to ask questions using the chat feature. There will be no in-person Power Break sessions held this quarter. Please RSVP [here](#).

## SASRA Unveiled

These provisions are far from law, but we will be keeping an eye on SASRA next year.

It is eye-catchingly unusual for the Chairman and Ranking Member of the powerful House Ways and Means Committee to work together and introduce a bipartisan bill, yet that is exactly what happened on October 27 with the Securing a Strong Retirement Act (SASRA).

Given the short time left in the 116th Congress it is unlikely to pass this year, but it will likely be reintroduced next year.

Here are a few provisions in SASRA that could impact you if it is

signed into law:

1. Increase the starting age for Required Minimum Distributions from 72 to 75.
2. Eliminate Required Minimum Distributions for taxpayers with retirement account balances under \$100,000.
3. Increase the retirement plan catch up contribution limit for those over age 60 and index it for inflation.
4. Increase the annual limit on Qualified Charitable Distributions from \$100,000 to \$130,000 and allow a one-time QCD to a charitable gift annuity or charitable remainder trust.
5. Require that new employer retirement plans automatically enroll employees in the plan with a minimum 3% contribution.

These provisions are far from becoming law, but we will be keeping a watchful eye on SASRA when Congress reconvenes next year.

## Inside the Beltway

While much attention has been focused on the election results, there are still two issues that this Congress are likely to address yet this year.

First, our political leaders failed to reach an agreement on an additional pandemic relief bill before the election. With COVID cases rising rapidly again, it is very likely that a compromise bill will pass Congress before the end of the year.

Second, the federal government is currently operating under a short-term continuing resolution that expires on De-

cember 11. Congress will either need to pass another continuing resolution or a budget for the fiscal year which started on October 1.

One key question is whether the Trump Administration will be participating in these negotiations or whether the President will sign them if they pass.

The financial markets will be paying close attention to progress on both of these issues and could react

negatively if progress is not made.

Our national debt now totals \$27,219,898,895,662.87 as of this writing.

The Federal Reserve continues to do all it can to keep the U.S. economy afloat amidst continued pandemic challenges.

However, they are increasingly advocating for additional fiscal stimulus from Congress to help with these efforts.

The Fed expects to keep its short-term overnight interest rates near 0% through 2023. However, this could change if inflation rises rapidly.

Chairman Powell's term ends in February 2022. While it is unlikely we will see a change in leadership at the Fed before then, it is fairly likely that President-elect Biden will nominate his own Fed chairman at that time.

The financial markets prefer certainty over uncertainty, so any change in leadership at the Federal Reserve could bring with it market volatility.



## Tax Efficient Giving

Many of our clients share our passion for giving back.

In the spring you donated over \$25,000 to the Hunger Task Force to help those in need. We matched your \$25,000 through The IAG Charitable Foundation — providing over \$50,000 to those in need during the spring economic shutdown.

As you consider your year-end charitable giving there are two strategies that should be on the top of your list to discuss with your tax advisor.

### Qualified Charitable Distributions (QCDs)

You may only use a QCD if you are at least age 70.5. If you meet that qualification and own an IRA, you are permitted to transfer up to \$100,000 from your IRA account directly to a qualifying charity every year.

QCD donations are NOT included in your taxable income, but it is your responsibility to inform your tax preparer as your tax forms will show it as a taxable distribution.

### Donate Appreciated Assets

If you are under age 70.5, consider donating appreciated assets that you have owned

for at least one year.

This strategy permits you to avoid paying capital gains taxes on the assets you donate. If you itemize your deductions, you are able to deduct the full value of the donated assets.

Please keep in mind that your deduction will be limited to 30% of your Adjusted Gross

Income when donating to most charities.

As you give back this year, be sure to use tax efficient strategies after consulting with your tax professional.

There is no need to let the federal government benefit from poorly planned charitable gifts.

IAG will be closed the following days during the holiday season:

Thursday, 11/26

Friday, 11/27

Thursday, 12/24

Friday, 12/25

Thursday, 12/31 after 3:00 pm

Friday, 1/1

## Women of Distinction

Six of IAG's financial advisors were featured in Milwaukee Magazine's 2020 Women of Distinction publication in October.

This special advertising supplement focused on women who are making an impact in the greater Milwaukee area.

You can find additional information about this honor by clicking [here](#).

## 2020 Ends on December 11

Do you have anything left on your financial to do list that must be completed by December 31, 2020?

Think December 11 instead.

Whether you would like to donate appreciated assets to charity, use a Qualified Charitable Distribution, perform a Roth IRA conversion,

or gift assets to your children, please have all required forms to us in good order by December 11.

December

11

LPL Financial will process all forms received after December 11 on a best efforts basis, so please plan ahead and let us help you today.

## IAG Grapevine

Events, celebrations, or interesting stories about your IAG team:

Carol Diettrich's daughter, Lisa, gave birth to her first grandchild, Hudson (pictured).

Rusty Peterson was hospitalized briefly due to complications with a blood thinner. He is recovering well while working from home.

Cheryl Tesch's father-in-law, John Tesch, passed away on October 23.

Mike Kellen and his family travelled to Florida to visit Disney World.

Anne Sapienza purchased an American Saddlebred horse named Faith.

### IAG anniversaries:

1 year: Mandi Hawk

2 years: Dawn O'Niell

17 years: Jennifer Von Ruden

35 years: Lori Watt



Looking for more? Check out our top 5 most-widely read blogs from the last three months:

1. [Planning Ahead, Part 2](#)
2. [Sustainability](#)
3. [Birthday](#)
4. [Concentration](#)
5. [Retirement](#)

The IAG Charitable Foundation supports our clients as they make a positive impact in our community. [Click here to learn more.](#)



N19W24200 Riverwood Dr. Suite 150  
Waukesha, WI 53188  
(262) 446-8150

Janesville client service center  
One Parker Place, Suite 300  
Janesville, WI 53545  
(608) 743-0251



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