

FALL 2021 NEWSLETTER

Shred Day Lunch is Cancelled. Truck will still be here on Friday, October 22

We have made the difficult decision to cancel the lunch portion of our Shred Day event. While we wish we could gather together, your safety is our priority. The Pro-Shred truck will still be available from 12-2 so you can drive by our office and drop off any shredding. We'll be here with masks on to say hello. We look forward to having our gathering next year.

Cast Your Vote for Charity

We have selected four local non-profit organizations and need your help in choosing the recipient for our largest annual donation. Keep your eye out for an email later this month asking for your vote.

American Families Plan

President Biden's American Families Plan tax proposal is clearly aimed at making significant changes for ultra-high-income taxpayers and very high net worth individuals. However, there is one part of the proposed legislation that could impact many taxpayers which has to do with Roth Conversions of after-tax dollars. As proposed, beginning in 2022, after-tax dollars held in accounts such as IRAs (non-deductible contributions) and 401ks would be prohibited from being converted to Roth accounts. Over the years many of our clients have been able to employ the strategy of converting after-tax retirement dollars into Roth Conversion accounts. It was never a one-size fits all strategy, but it was appropriate in many situations. If this portion of the legislation is included in the final bill, then in all likelihood there will be a mad dash at the end of this year to complete Roth Conversions that had been put off previously for one reason or the other.

Note that Roth conversions of pre-tax contributions would still be allowed, however for those with taxable income of more than \$400,000 (or \$450,000 for married couples filing together) this tool would be off the table a decade from now, as of 12/31/2031. If you have any questions about this part of the tax proposal, please contact us. There will no doubt be many changes to this sweeping tax proposal and it will likely look very different that it does today. We will keep you updated if there are other provisions that get included that could significantly impact your financial situation.

Dangerous Game of Chicken

"Voters may have chosen divided government, but they sure didn't vote for dysfunctional government" then President Obama was quoted back in 2011 as saying in a New York Times article by Jennifer Steinhauer on 8/2/2011 entitled "Debt Bill is Signed, Ending a Fractious

Battle.” He made this remark right after the Senate voted to raise the government’s debt ceiling after our government’s authority to borrow money came perilously close to ending because of political brinksmanship. Ten years later we find ourselves with a government more divided and more dysfunctional than ever with needed debt ceiling increases once again hanging in the balance.

President Biden’s Treasury Secretary, Janet L. Yellen, finds herself in the unenviable position of treading the choppy, and we would say shark-infested, waters between Republicans and Democrats over the urgent need for the debt limit increase. Debt limits need to be increased in order for our country to be able to meet its financial obligations and to avoid an unprecedented financial collapse of government. Programs such as Medicare, Medicaid and Social Security, to name just a few, would quickly find empty coffers and therefore payments would cease to recipients.

The game of chicken that is being played out in the halls of Congress is a very dangerous one as many people’s lives depend on the ability of many vital government programs to pay its obligations. Secretary Yellen is not a politician; she is a highly respected economist. Unfortunately, in these politically charged times, her appeals seem to fall on deaf ears as she is seeking to use economic reasoning as the basis to convince others of the critical importance to increase the debt limit. We believe that Secretary Yellen’s very recent appeal to the heads of our nation’s largest financial institutions was a very smart and savvy move. In the 9/23/21 New York Times article by Alan Rappeport, “As Debt Default Looms, Yellen Faces Her Biggest Test Yet” it stated that “the banking industry traditionally wields significant influence with Republicans.” The biggest financial services lobbying groups [wrote a letter](#) to top lawmakers earlier this month urging them to take action. “Any default would negatively impact the general economy, disrupt the operations of our financial markets, undermine confidence, and raise funding costs in the future,” they wrote.

As the October 15th deadline is rapidly approaching, we should all expect hyper-partisan quotes, quips, and snipes. We sincerely hope that our elected officials will ultimately see that by not approving the debt limit increase, the human suffering that will undoubtedly occur will lie squarely at their feet. In 2011 the debt limit crisis was averted with mere hours to spare. We have no way of knowing how this will be resolved – but for now, we recommend sitting tight. Sadly, these games of chicken are becoming all too familiar.

Lorraine's recipes are back! Cranberry Orange Pecan Tea Bread

As the days grow shorter, the evenings get colder and the smells and tastes of fall start appearing on our table, I start digging out my favorite fall tea bread recipes. One of my very favorites is my orange cranberry tea bread. I don't remember where I found this recipe but I hope you like it as much as I do. It's great in the morning or afternoon with a nice hot cup of coffee or tea. Enjoy!

Ingredients

- * 2 cups all-purpose flour
- * 3/4 cup sugar
- * 1 1/2 teaspoons (tsp) double-acting baking powder
- * 1 tsp salt
- * 1/2 tsp baking soda
- * 1 tsp cinnamon
- * 1 stick (1/2 cup) cold unsalted butter, cut into bits
- * zest from 1 orange
- * 3/4 cup fresh orange juice
- * 1/4 C plain Yogurt
- * 1 large egg
- * 1 1/2 cup coarsely chopped cranberries
- * 1/3 cup coarsely chopped pecans

Directions

1. Butter and flour a 9x5 bread pan.
2. In the bowl of a stand mixer, blend together the flour, sugar, baking powder, salt, and baking soda. Don't be tempted to reduce the sugar if using fresh cranberries.
3. Add the butter until the mixture resembles coarse sand.
4. In a small bowl whisk together the zest, juice, yogurt and egg.
5. Add the liquid mixture to the flour mixture and stir the batter until it is just combined. Do not overmix or the bread will be tough. Stir in the cranberries and pecans and transfer the batter to the prepared loaf pan. Bake the bread in the middle of a preheated 350°F. oven for 50-60 minutes, or until a tester comes out clean. Let the bread cool in the pan for 15 minutes and turn it out onto a rack.

As we transition into fall, we send you warm greetings and wish you the best of health. As always, please reach out anytime with questions or concerns.

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