



Accumulating Interest

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A Word from the Investment Department

by Sean Guldi, CFP®



What's New in 2022?

As we enter the new year, we make New Year's resolutions (e.g. get in shape, save more, etc.), and we look to the changes in our lives from year-to-year, making plans to accomplish those goals. We wanted to highlight a few items of note for 2022 and give you a preview of a helpful sheet we'll be publishing shortly on our website, and which will be available in PDF form for printing.

The most impactful topic on many folks' minds is inflation, and many of you who receive Social Security payments saw a nice increase in your monthly check of 5.9%. Unfortunately, Medicare premiums also increased 14.5%. The IRS also considers inflation with respect to more than 60 tax provisions, including but not limited to: the federal income tax brackets, the standard deduction, the Earned Income Tax Credits, child tax credits, capital gains tax brackets, and the annual exclusion for gifts (from \$15,000 to \$16,000). Additionally, the IRS increased a few of the retirement plan limits – mainly the employee deferral limit for 401(k) plans is raised by \$1,000 to \$20,500, and the IRA/ROTH contribution phaseout limits is increased. The tables below outline a few of these changes:

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THE OFFICE WILL BE CLOSED ON THE FOLLOWING DAYS:

January 17
Martin Luther King Jr. Day

February 21
President's Day

April 15
Good Friday

CONTACT US

P : (904) 273-9850

F : (904) 273-6920

www.BandCfinancial.com

THE B&C FINANCIAL BUILDING
110 PROFESSIONAL DRIVE
PONTE VEDRA BEACH, FL 32082

Office Hours:

Mon-Thurs 8:30am - 5:00pm
Friday 8:30am - 4:00pm
Sat-Sun CLOSED

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Is there a specific topic you would like for us to discuss? Don't be shy.

Contact us:

info@bandcfinancial.com

2022 Tax Rate	For Single Filers	For Married Individuals Filing	For Heads of Households
10%	\$0 to \$10,275	\$0 to \$20,550	\$0 to \$14,650
12%	\$10,275 to \$41,775	\$20,550 to \$83,550	\$14,650 to \$55,900
22%	\$41,775 to \$89,075	\$83,550 to \$178,150	\$55,900 to \$89,050
24%	\$89,075 to \$170,050	\$178,150 to \$340,100	\$89,050 to \$170,050
32%	\$170,050 to \$215,950	\$340,100 to \$431,900	\$170,050 to \$215,950
35%	\$215,950 to \$539,900	\$431,900 to \$647,850	\$215,950 to \$539,900
37%	\$539,900 or more	\$647,850 or more	\$539,900 or more

2022 Standard Deduction	
Filing Status	Deduction Amount
Single	\$12,950
Married Filing Joint-	\$25,900
Head of Household	\$19,400

2022 Capital Gains Bracket			
	For Unmarried In- dividuals, Taxable Income Over	For Married Individuals Filing Joint Returns, Taxable Income Over	For Heads of Households, Taxable Income Over
0%	\$0	\$0	\$0
15%	\$41,675	\$83,350	\$55,800
20%	\$459,750	\$517,200	\$488,500

2022 IRA Phaseout Ranges			
Filing Status		Low End	High End
Single / Head of Household		\$68,000	\$78,000
Married Filing Jointly (spouse covered by workplace plan)		\$109,000	\$129,000
Married Filing Jointly (spouse not covered by plan married to someone who is)		\$204,000	\$214,000
Married Filing Separately (married to some- one eligible for workplace plan)		\$0	\$10,000

2022 ROTH Phaseout Ranges		
Filing Status	Low End	High End
Single / Head of Household	\$129,000	\$144,000
Married Filing Jointly	\$204,000	\$214,000
Married Filing Separately	\$0	\$10,000

A Word from the Investment Department

Another topic of interest to many of our retired clients is the change in the Life Expectancy Tables used for their Required Minimum Distributions (RMDs). As many of you are aware, life expectancies in general have increased over the last two decades. The tables used to factor your RMD have not been updated since 2002. With the new changes effective for 2022 RMDs, a person turning 72 in 2022 will have an RMD factor of 27.4 under the new table versus 25.6 under the previous table, which decreases the RMD by 6.65% for that individual. Each year the numbers are slightly different, but, on average for most individuals from 72-91, the decrease is 6% or more – potentially resulting in a lower tax liability if only taking the required distribution. Clients who take RMDs are also eligible to treat a portion (up to \$100,000) of the RMD donated directly to charity as a Qualified Charitable Distribution (QCD), which can further decrease the taxable portion of the required distribution.

We will publish a full “fact sheet” listing these and other important financial numbers in the new year – especially as there is always a possibility of last-minute changes to tax law. As always, we recommend coordinating with your tax advisor/CPA on any tax-related matter.

Keeping up with B&C



Administrative Assistant Genny Stephenson at Rainbow Row in Charleston, SC.



CCO Jacque Bos took her granddaughter Addy to her first Jaguar game.



VP Adam Oerther with client Chris Kaniut at Palencia.



Chief Investment Officer Sean Guldi with his wife Mallory, daughter Maisie, and son Shea.



Investment Manager Jessica Schmidt's brother got married on October 1st.



Administrative Assistant Caitlin Howard and Investment Manager Adam Howard enjoyed a day of deep sea fishing.

Why I Don't Manage My Own Portfolio

by Adam Oerther, Vice President



Upon graduating from the University of Florida in 2012 (how has it already been so long?!), I accepted a position as an Assistant Investment Manager with B&C Financial Advisors. In this position, my main roles with the firm were reviewing client portfolios, researching companies for our investment models, and analyzing the existing portfolios of prospective clients. I was excited for this opportunity, because while I had academic knowledge of investing in various assets (stocks, bonds, mutual funds, etc.), I did not have hands-on experience implementing investment and retirement plans for clients. Since there are many financial advisory firms, I welcomed the chance to begin my career by learning more about various investment philosophies and methods of portfolio management.

As an added benefit of working for B&C, I was able to apply these concepts to my own finances as I began putting money away for my future. One of the benefits B&C offers to all our employees is to have our portfolios managed by the firm. So, several years ago, I made the decision to turn my portfolio over to our Investment Department, allowing them to take over the management of my investments. Some may wonder why someone who manages portfolios for a living would have someone else manage their personal portfolio, but, for me (and other advisors at our firm), it was a no-brainer. Below are the main reasons I decided to remain hands-off.

Investing Should Not Be Emotional

When I am managing a client's portfolio, I remain objective as I make investment decisions on their behalf. As a fiduciary, it is my responsibility to only make decisions that are in the client's best interests. However, when it came to my own portfolio, I found that my personal views of the market and my emotional attachment to some investments made it more difficult to remain objective. This kind of emotional decision-making is common among those who choose to manage their own investments and can be harmful to any investment strategy. By allowing someone else make the decisions, I was able to reduce my own stress and eliminate emotions from my portfolio.

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Identical Investment Strategies

One of the reasons this decision was so easy for me was that I whole-heartedly believe in how we manage our clients' assets. I also have a great amount of trust in the competence of those working in our Investment Department. Thus, when I compared how I was investing my money to how we invest for our clients, I found them to be identical. I believed the decisions I was making would be the same decisions our investment managers would make had they been reviewing my accounts. I knew my portfolio would be managed by capable hands. As a bonus, I have found that clients and prospects feel more confident in our plan for them, knowing we believe so strongly in it that we implement the same strategies in our own portfolios.

More Time with Clients

At B&C, we pride ourselves on the high-touch service we provide to each of our clients. We believe this sets us apart from our competitors and instills trust and confidence in our clients, who can rely on us to be there to answer any question they might have about their retirement plan. As I have progressed in my career, I have taken on more of a relationship management role, spending more time meeting with clients, reviewing their portfolios with them, and making any necessary adjustments to their plan as life circumstances change. By giving up control of my own portfolio, I now have even more time to spend with clients on their retirement plans. Not surprisingly, this is a big reason many of our clients hire us—it gives them more time to tend to other things that are important to them, such as their careers or spending time with their grandchildren.

Direct Access to Investment Managers

As the saying goes, "Trust but verify." Whatever the reason is for delegating a given task to another person, I find it important to follow up on the task to ensure it is being handled according to set expectations. As I mentioned, I have a high level of trust and confidence in our employees and my partners. It is the same trust and confidence we believe all our clients have in us, because by having our team manage my assets, I am also a client of the firm. Just as our clients have direct access to the people responsible for making investment decisions on their behalf, I am able to see the decisions being made on my behalf. I know I can always ask our team why a particular decision was made. This kind of personal attention is something many investors do not have, particularly those who have their money managed in mutual funds, as the mutual fund managers do not know their investors personally.

As both an employee (now as a stockholder) and as a client, I consider myself fortunate to have found B&C Financial Advisors. It is my immense respect and appreciation for my stockholders and employees that made the decision to have my money managed by our firm an easy one. I take great pride in what we do for our clients, and I love being able to tell others that I trust in our firm so much I became a client myself!



110 Professional Drive, Ste. 101
Ponte Vedra Beach, FL 32082

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