



OAKCREST INSIGHT

NOVEMBER 2021

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CONNECT WITH OAKCREST

 LinkedIn® – Ryan Nietert
 Facebook – OakCrest Capital, LLC
 Twitter – @OakCrestCapital

www.oakcrestllc.com

17W220 22nd Street
Suite 300/Box 4
Oakbrook Terrace, IL 60181
312-525-8793
ryan.nietert@oakcrestllc.com



WISE DECISIONS WITH RETIREMENT IN MIND

Certain financial & lifestyle choices may lead you toward a better future.

Some retirees succeed at realizing the life they want; others don't. Fate aside, it isn't merely a matter of investment decisions that makes the difference. There are certain dos and don'ts – some less apparent than others – that tend to encourage retirement happiness and comfort.

Retire financially literate. Some retirees don't know how much they don't know. They end their careers with inadequate financial knowledge, and yet, feel they can prepare for retirement on their own. They mistake creating a retirement income strategy with the whole of preparing for retirement, and gloss over longevity risk, risks to their estate, and potential health care expenses. The more you know, the more your retirement readiness improves.

A goal to retire debt free – or close to debt free? Even if your retirement savings are substantial, you may want to consider reviewing your overall debt situation.¹

Retire with purpose. There's a difference between retiring and quitting. Some people can't wait to quit their job at 62 or 65. If only they could escape and just relax and do nothing for a few years – wouldn't that be a nice reward? Relaxation can lead to inertia, however – and inertia can lead to restlessness, even depression. You want to retire to a dream, not away from a problem.

The bottom line? Retirees who know what they want to do – and go out and do it – are positively contributing to their mental health and possibly their physical health as well. If they do something that is not only vital to them, but important to others, their community can benefit as well.

Retire healthy. Smoking, drinking, overeating, a dearth of physical activity – all these can take a toll on your capacity to live life fully and enjoy retirement. It is never too late to change habits that may lead to poor health.

Retire where you feel at home. It could be where you live now; it could be a nearby place where the scenery and people are uplifting. If you find yourself

lonely in retirement, then look for ways to connect with people who share your experiences, interests, and passions; those who encourage you and welcome you. This social interaction is one of the great, intangible retirement benefits.

Citations

1.CNBC.com, December 2, 2020

RETURNS (AS OF 10/29/21)

ASSET CLASS	INDEX	4 WEEK	YTD	1 YEAR	3 YEAR
US Large Cap	S&P 500 TR	6.91%	22.61%	40.84%	19.31%
US Large Cap	Dow Jones TR	5.84%	17.03%	35.16%	12.56%
US Small Cap	Russell 2000 TR	4.21%	16.32%	49.32%	14.98%
International	MSCI EAFE NR USD	2.38%	8.75%	31.20%	8.77%
Taxable Bonds	Barclays US Agg Bond TR	-0.03%	-1.58%	-0.48%	5.63%

THE SOCIAL SECURITY ADMINISTRATION ANNOUNCES 2022 COLA

5.9% is the biggest COLA increase in decades.

On October 13, 2021, the Social Security Administration (SSA) officially announced that Social Security recipients will receive a 5.⁹ percent cost-of-living adjustment (COLA) for 2022, the largest increase in four decades. This adjustment will begin with benefits payable to more than 64 million Social Security beneficiaries in January 2022. Additionally, increased payments to more than 8 million Supplemental Security Income (SSI) beneficiaries will begin on December 31, 2021.¹

Biggest COLA Increase in Decades? While many predicted a bump of as much as 6.¹% given recent movement in the Consumer Price Index (CPI), the announced 5.⁹% increase is still substantial. Some fear that rising consumer prices may dilute the impact of the increase with inflation currently running at more than 5 percent. While this remains to be seen, Social Security beneficiaries will no doubt welcome the largest adjustment in many years.¹

How You Will Be Notified. According to the Social Security Administration, Social Security and SSI beneficiaries are usually notified about their new benefit amount by mail starting in early December. However, if you've set up your SSA online account, you will also be able to view your COLA notice online through your "My Social Security" account.¹

Next Steps? If this increase surprises or concerns you, it's always a good idea to seek guidance from your financial professional about changes to any of your sources of retirement income. I welcome a chance to talk with you about this.

Citations

1. SSA.gov, October 13, 2021

GRIDLOCK IN THE SUPPLY CHAIN

The port crisis continues.

While the world has begun to recover from the economic disruption of the COVID-19 pandemic, the delayed reaction has been felt in the supply chain. Industrial shutdowns around the world slowed production to a relative crawl, leaving many businesses struggling to meet consumer demands, both during lockdowns and since.¹

Challenges continue, even as manufacturing picks up, with worker shortages and a fight to locate the materials needed for production complicating the struggle. President Biden worked an agreement with the port of Los Angeles in recent weeks to operate 24 hours a day, which has helped reduce the number of container ships offshore to 58 from a peak of 73.²

What does this mean for American consumers? For one, some items that are normally manufactured overseas may be harder to find in stock for the next few months. While that means some household necessities, that extends to items like consumer electronics, toys, and other items that make up a large portion of our holiday purchases.

Yes, we all complain about how the holidays seem to come earlier every year, but in this case, it's a good thing to bear in mind. If you can, it's a good idea to prepare for the holidays early.

Citations

1. CNBC.com, October 18, 2021
2. CNN.com, October 17, 2021

ESTATE TAXES MAY BE AMENDED SOON

What to know about the budget reconciliation bill.

To help raise revenue to pay for President Biden's Build Back Better Plan, Congress is considering a number of tax law changes, including adjusting estate taxes.

One of the proposals would reduce the estate tax exemption to anywhere between \$3.⁵ and \$5 million, with an effective date of January 1, 2022. Another proposal would bring new rules to grantor trusts, including a change to how life insurance held in a trust would be taxed.^{1,2}

At this point, many ideas are being evaluated, but nothing is final. Corporate tax rates, individual tax rates, and capital gains taxes are also on the negotiating table.

For now, the federal estate tax exemption remains at \$11.⁷ for 2021, with a married couple having a combined exemption for 2021 of \$23.⁴ million.³

But it wouldn't be a surprise if the estate tax law changed as part of the overall plan. In 2019, 2,570 taxable estate-tax returns were filed, and they owed a combined \$13.² billion. Lowering the estate tax exemption to \$5 million would raise an estimated \$52.³ billion over five years.¹

As difficult as it may be, the best approach is to wait-and-see. It would be hasty to make any estate changes based on current discussions.

Citations.

1. CNBC.com, September 29, 2021
2. FA-mag.com, September 22, 2021
3. IRS.gov, October 25, 2021

OakCrest Capital, LLC | 17W220 22nd St. | Suite 300/Box 4 | Oakbrook Terrace, IL 60181 | 312-525-8793



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