

On the [MONEY]

Registered Investment Advisor

www.VintageFS.com

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From the Grapevine...

Congratulations to Jamieson Hopp for his promotion to Senior Financial Planner at Vintage. Jamieson joined Vintage two years ago after graduating with a Bachelor of Science degree in Financial Planning from Colorado State University. He recently earned the CERTIFIED FINANCIAL PLANNER Professional™ (CFP®) designation. The designation requires the education component, passage of the tough certification exam and two years' experience among other things.

Set Carpintero, a CFP who joined us last fall, has earned the Enrolled Agent or EA designation offered by the IRS. While not as well known as the CPA designation, the EA is more narrowly focused on income taxes. Set passed the three required exams and he can now represent taxpayers in front of the IRS, as can attorneys and CPAs. He joins John Owens, CFP, EA and Tammy Wakevainen, CPA on our tax team.

ANOTHER VINTAGE AWARD

We're excited to be named one of the Best Places to Work for Financial Advisers by *Investment News* magazine. Their annual ranking recently came out and they named us #16 in the country in the category of 15-29 employees. Including the two larger firm categories, there were 75 firms that earned the 2020 award.

From the *Investment News* 4/27/20 issue: "The third annual Investment News Best Places to Work for Financial Advisers highlights 75 firms that recognize the importance of a strong workplace culture. They stand as role models for the industry. Our list of top firms was created by Best Companies Group through online employee and employer surveys. Firms voluntarily participated in this program and information about each firm was combined to assess its strengths and ultimately to determine its ranking.

The 75 firms presented are grouped in three categories based on employee count. The profiles of these standout firms highlight the human resources policies and workplace practices they focus on to attract and retain skilled employees in a competitive environment for talent."

The article noted some of our fun staff gatherings like potlucks and happy hours. Earlier this year we had a fun evening of blasting each other in laser tag at the local Zap Zone. They also noted our community support volunteer days and charitable contribution matches up to \$250 per employee each year.

COVID-19 & TAXES

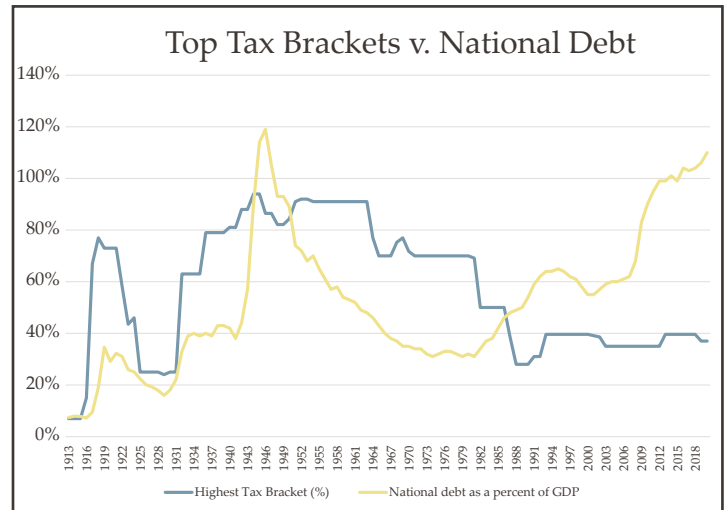
Unprecedented situations call for unparalleled solutions and the Coronavirus pandemic has marshalled the full resources of our government to blunt the blow of the virus on the economy. Several phases of fiscal stimulus – government spending – have increased the budget deficit and will certainly help balloon the national debt even further to levels not seen since World War II (as % of GDP). The debt, which will never actually be paid off in full, will need to be managed – and higher debt service costs in the years ahead will either be funded by budget cuts or tax increases. This begs an interesting question, where do taxes go from here? A trip through history may provide some insight.

The US income tax system is just over 100 years old, having been implemented prior to World War I. The top bracket was initially just 7%, but that didn't last long. The need to pay for the war caused it to skyrocket to over 70% in 1918. Post-war reductions in the roaring 1920's saw a swift decline in rates, but they eventually shot back up coming out of the Depression and into the second World War.

Something interesting happened in the 1940's, however. Not only did rates shoot up – they also significantly lowered the income threshold for being in the top tax bracket. So, while top earners were paying more, so were many others. Top rates remained high for decades and didn't drop below 70% until Reagan took office in 1981.

The 1990's saw rates stabilize a bit, and the past three decades have seen the top tax bracket bounce between 35% and 40%. Most recently the Tax Cuts and Jobs Act reduced the top bracket to 37%, from 39.6% starting in 2018.

Today, the national debt is sitting at 106% of GDP, and will continue to climb with recent stimulus measures, while the top tax bracket sits



at 37%. Historically, periods of such high debt have corresponded with significantly higher tax brackets than we currently have.

This leads us back to our initial question – where do taxes go from here? First, let's deal with the law as written. Even if Congress takes the next few years off, taxes are set to rise in 2026 when the Tax Cuts and Jobs Act expires. Top rates return to 39.6%, and all other brackets will also increase as well.

But the expiration of the recent tax cuts will likely not be enough – more revenue may be needed and there are many ideas on how to get it. Common targets include eliminating the step-up in basis at death, lowering the estate tax threshold, adding new taxes for high earners – like a millionaires surtax, cutting back on deductions, bumping up tax brackets, implementing a national sales tax and/or increasing the Social Security wage base. And with many states in financial distress due to the pandemic, state income taxes could rise as well.

We've had two major tax law changes in the past six months and more changes may come soon. Our tax team can help provide some valuable planning in looking at your taxes over the next several years. Feel free to contact us today to learn how we can help.

SUPPORTING OUR COMMUNITY

One of our core values at Vintage is support of our local community. We do that by volunteering, sponsorships, serving on non-profit boards, by matching our employee's donations, direct giving and grants from the Franklin & Jennifer Moore Family Foundation.

Several of our staff serve as board members on various non-profit organizations. Jennifer Moore has been on the Michigan Theater Foundation board and recently joined the board of the Ann Arbor Art Center. Debbie Vandermade is currently chair of the Ann Arbor YMCA board. And others serve on boards of Building Matters, Washtenaw Optimal Wellness and Children's Literacy Network.

We also encourage our staff to make cash donations by matching up to \$250 each year for each staff member's gifts to local non-profits.

Some of the more notable sponsorships and donations we've made include the Ann Arbor Blues Festival, renovation of the State Theater, new segments of the Border to Border trail between Ann Arbor and Dexter, the Ann Arbor Art Center's expansion, and the Cinetopia film festival at the Michigan Theater.

Niki Barnes is a regular volunteer at the Delonis Center that serves Ann Arbor's homeless population and has helped organize Vintage volunteer days where we've tackled a community project.

If you'd like to learn more about the organizations we've supported, we recently added a page to our website (under the Resources tab) and have added a report with most of the organizations we've supported recently.

DISASTER SURVIVAL

As a registered investment advisory firm, the SEC requires us to have a Disaster Recovery Plan. Our plan didn't include a section on dealing with a global pandemic, but it does today. Fortunately, the other plans we put in place for various other disasters have been utilized lately and they've worked well.

The state of Michigan deemed us as an essential business which allowed us to remain open throughout the lockdown. While we kept our doors open, the vast majority of our staff worked from home.

We've always been one of the leading firms in our profession at applying the latest technology to improve our client experience and optimize our operations. All of the firm's software applications and data are accessed through the cloud which gives us additional security as well as the ability to work from anywhere with an internet connection. When the stay-at-home order was issued in March, all of our staff was able to immediately work from home.

Similarly, our phone system works over the internet and our staff was able to take their office phones home and have them work just as they do at the office. If you've called in over the past several weeks, your call was probably answered by someone working at home and they were able to transfer your call to other staff in their home seamlessly.

Like most people in the country, we've now had a crash course in teleconferencing. While we had used it a little bit in recent years, our daily staff meetings and many client and prospective client meetings have been done via teleconference calls. The interaction between staff wasn't like it was at the office, but it was great to see everyone's faces every day.

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VINTAGE FINANCIAL SERVICES, LLC

VINTAGE FINANCIAL SERVICES OFFERS

Fee only investment management, financial planning,
and tax preparation.
Minimum portfolio \$500,000
(401(k) balance may count toward minimum).

For a no charge, no obligation initial interview please call our office
at (734) 668-4040 or (800) 666-9237 or e-mail:
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Or visit our website at www.VintageFS.com

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